Real Estate Deal Summaries

Top 50 Asset Reviews

September 13, 2008

This document provides a short summary for each of Lehman's 50 largest real estate assets

LEHMAN BROTHERS

Table of Contents

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

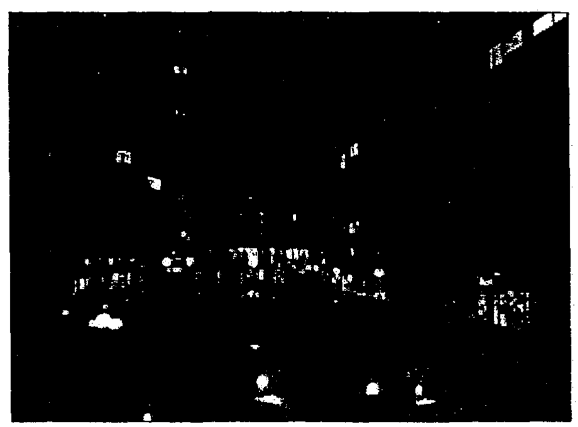
ARCHSTONE

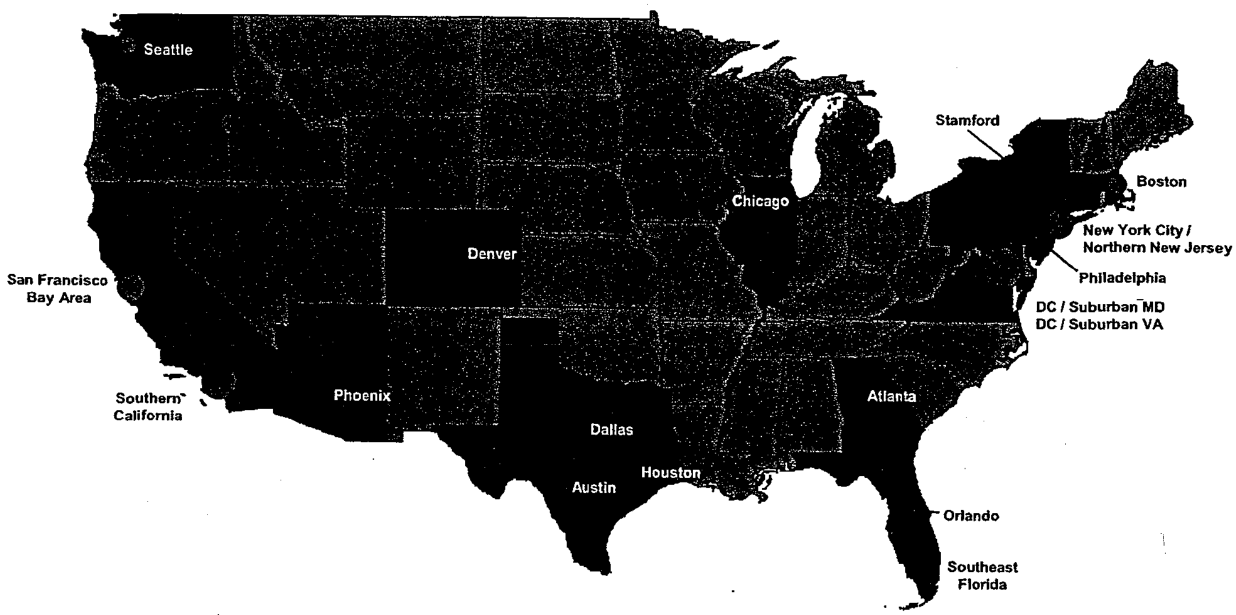
Selected Archstone Assets:

Ballston Place
Arlington, VA

Archstone Marina Del Rey
Marina Del Rey, CA

The Flats at DuPont Circle
Washington, D.C.




Seattle
Stamford
Boston
Chicago
New York City /
Northern New Jersey
Denver
San Francisco
Bay Area
Philadelphia
DC / Suburban MD
DC / Suburban VA
Southern
California
Phoenix
Atlanta
Dallas
Houston
Austin
Orlando
Southeast
Florida

LEHMAN BROTHERS Real Estate Group — Archstone

Lehman Brothers, Bank of America and Barclays ("Bank Group") provided the acquisition financing package for the acquisition of a subset of Archstone-Smith comprising 201-assets/67,413-units.

Transaction Overview

- On October 5, 2007, a partnership sponsored by Tishman Speyer and Lehman Brothers ("The Sponsor") closed the acquisition of Archstone-Smith Trust (NYSE: ASN) ("Archstone") for $60.75 per share in cash. The gross purchase price, including assumed debt and transaction costs, was $23.6 billion.

SOURCES AND USES (1)

SOURCES		LTC	USES		Per Unit
Tishman Speyer GP Equity (LBREPE)	$250,000,000		Core Operating Assets (5)	$17,785,191,703	*$326,113*
Lehman Brothers GP Equity	250,000,000		Development Portfolio	1,445,414,788	
Third Party Equity (2)	4,600,000,000		Assets Held for Sale	583,394,740	
Total Equity	**$5,100,000,000**	*100.0%*	Germany	378,243,940	
			Ground Leases	195,300,000	
New Preferred (OP Rollover)	242,023,075		Other Real Estate Assets	374,680,920	
Assume Series I Preferred	50,000,000		**Total Real Estate Assets**	**$20,762,226,090**	
Total Preferred	**$292,023,075**	*77.0%*			
New Revolver (3)	-		Term Loan Interest Reserve	500,000,000	
New Term Loan A	1,750,000,000		Other Reserves	65,558,985	
New Term Loan B	3,014,000,000		Cash	19,585,846	
New Development Acquisition Loan	500,000,000		Net Working Capital (Deficit)	(174,558,691)	
OC/SD JV Debt	109,500,000		Platform Value	1,000,000,000	
New Mezzanine Debt	1,069,170,994		**Total Other Assets**	**$1,410,586,140**	
Assume International Debt (4)	147,213,822				
Assume Mortgage Debt	1,243,703,438				
New Ground Lease Financing	76,000,000				
New Mortgage Debt	8,871,200,900				
Total Debt	**$16,780,789,154**	*75.7%*			
TOTAL SOURCES	**$22,172,812,230**		**TOTAL USES**	**$22,172,812,230**	

Property

CORE PORTFOLIO SUMMARY

	At Closing				As of 8/28/08			
	# of	Units		% of	# of	Units		% of
Market	Assets	Total	Pro Rata	Total	Assets	Total	Pro Rata	Total
Northern Virginia & Maryland	35	14,415	13,547	22.9%	31	12,589	11,721	23.4%
Washington D.C.	15	3,715	3,715	6.3%	15	3,715	3,715	7.4%
Total DC Metro	***50***	***18,130***	***17,262***	***29.2%***	***46***	***16,304***	***15,436***	***30.8%***
Los Angeles	29	10,636	10,636	18.0%	29	10,636	10,636	21.2%
San Diego	13	3,941	3,897	6.6%	12	3,828	1,075	2.1%
Orange County/Inland Empire	13	3,976	3,495	5.9%	12	3,714	1,376	2.7%
Total S. California	***55***	***18,553***	***18,027***	***30.5%***	***53***	***18,178***	***13,087***	***26.1%***
New York City	14	4,373	4,116	7.0%	13	4,213	3,956	7.9%
San Francisco Bay Area	25	8,575	8,481	14.4%	23	7,403	7,309	14.6%
Boston	11	2,683	2,683	4.5%	10	2,495	2,495	5.0%
Seattle	16	4,821	4,551	7.7%	15	4,591	4,321	8.6%
Total Other Core Markets	***66***	***20,452***	***19,831***	***33.6%***	***61***	***18,702***	***18,081***	***36.1%***
Southeast	25	8,678	3,294	5.6%	24	8,299	2,915	5.8%
Other	5	1,600	688	1.2%	4	1,120	568	1.1%
Total Other National	***30***	***10,278***	***3,982***	***6.7%***	***28***	***9,419***	***3,483***	***7.0%***
Total / Wtd. Avg.	***201***	***67,413***	***59,103***	***100.0%***	***188***	***62,603***	***50,087***	***100.0%***

CORE PORTFOLIO SUMMARY

Market	# of Assets	% Occupied	2008 NOI	Total All-In Basis	% of Total	Cost Per Unit
Northern Virginia & Maryland	31	95.5%	$153,389,771	$3,785,721,629	22.8%	$322,975
Washington D.C.	15	96.3%	53,310,414	1,274,617,435	7.7%	343,100
Total DC Metro	***46***	***95.7%***	***$206,700,185***	***$5,060,339,064***	***30.4%***	***$327,819***
Los Angeles	29	93.5%	$127,416,759	$3,752,933,542	22.6%	$352,852
San Diego	12	96.2%	3,537,838	96,419,960	0.6%	89,733
Orange County/Inland Empire	12	94.4%	4,315,714	114,091,246	0.7%	82,912
Total S. California	***53***	***94.3%***	***$135,270,311***	***$3,963,444,748***	***23.8%***	***$302,864***
New York City	13	95.6%	$95,189,447	$3,138,619,365	18.9%	$793,396
San Francisco Bay Area	23	95.3%	91,255,211	2,285,970,758	13.8%	312,745
Boston	10	95.0%	43,769,706	1,076,545,417	6.5%	431,481
Seattle	15	93.5%	40,444,590	909,697,676	5.5%	210,529
Total Other Core Markets	***61***	***94.9%***	***$270,658,954***	***$7,410,833,216***	***44.6%***	***$409,862***
Southeast	24	94.5%	$6,736,681	$124,373,059	0.7%	42,672
Other	4	94.3%	3,112,148	61,001,555	0.4%	107,397
Total Other National	***28***	***94.4%***	***$9,848,829***	***$185,374,614***	***1.1%***	***$53,228***
Total / Wtd. Avg.	***188***	***94.9%***	***$622,478,280***	***$16,619,991,642***	***100.0%***	***$331,823***

*Occupancy, NOI and Basis information adjusted for pro-rata ownership

Sponsorship

- Tishman Speyer, founded in 1979, is a leading owner, developer, operator and fund manager of first-class real estate headquartered in New York City. Since 1978, TS has acquired, developed or operated more than 230 properties totaling over 100 million square feet and over 14,000 residential units, and manages a global property portfolio in excess of $48 billion in total value.
- Lehman Brothers Real Estate Private Equity ("LBREPE") makes direct private equity investments in properties, real estate companies and service businesses ancillary to the real estate industry worldwide. Since 2000, LBREPE has invested $3.9 billion across 135 investments globally.

Current Status / Business Plan

- Archstone Operating Performance
  - Same-store Revenue Growth
    - 5.1% for FY07 vs. FY06
    - 5.0% for YTD08 vs. YTD07 (through 07/31/08; cash revenue at pro rata share)
- Portfolio Occupancy: 95.3% (through 07/31/08; adjusting for the pro rata share of joint-ventures)
- Disposition Update
  - Sales executed to date
    - At Closing: Irvine JV – 16 assets / $1.4bn / 3.69% cap rate
    - Post-Closing: 24 assets / $1.4bn / 5.28% cap rate
  - Sales under contract
    - 6 assets / over $200mm / 5.55% cap rate
- Archstone's core portfolio is concentrated in superior coastal multifamily markets with strong growth prospects. The portfolio's high barrier-to-entry coastal markets have historically outperformed lower barrier markets and are projected to continue to outperform going forward.
  - From the closing of the acquisition through July 31, 2008, $2.8 billion of assets were sold at a weighted average 4.60% cap rate, including 40 core assets comprising 3,682 units.
  - 55.1% of the assets are located in Washington DC and Southern California with another 29.3% located in other core markets such as New York City, San Francisco, Boston and Seattle.
- Archstone operates an integrated development platform with over 90 dedicated development professionals
  - The Company controls a robust pipeline of ~15,000 planned units with a total expected investment of over $5.1 billion
  - Significant embedded value exists in fully entitled projects in supply constrained submarkets
- Archstone has a greater value of assets under management (~$4.8 billion) than any public multifamily REIT
- Archstone's investment strategy is two fold: i) generate core returns from Archstone's existing portfolio and ii) expand the development business to generate value-added and opportunistic returns.
  - The Sponsors intends to continue Archstone's successful management of its core portfolio of 63,803 apartment units in the densely populated Primary Markets in order to generate stable income and long-term value appreciation. These markets are characterized by strong supply/demand fundamentals, significant barriers to entry, and high single-family housing prices, all of which support sustained growth in apartment rents.
  - Archstone controls a pipeline of development projects in various stages of planning and construction. These identified projects are expected to generate value-added and opportunistic returns. At acquisition development activity represented

approximately 5% of Archstone's total portfolio value. This low allocation reflects public market preferences for current income and dividend growth at the expense of longer-term value creation. Free from the limitations of the public market, the Company intends to significantly increase development activity as a percentage of total portfolio value.

- Archstone management team's track record of value creation for shareholders ranks it as best-in-class amongst its peers.
  - ASN has produced an average annual return exceeding 30.2% over the last 3 years prior to closing, compared to 25.0% by its peers.
  - Over the last 11 years, management has sold ~ $11.2 billion of assets, generating an average unlevered IRR of 15.6%.

Strengths

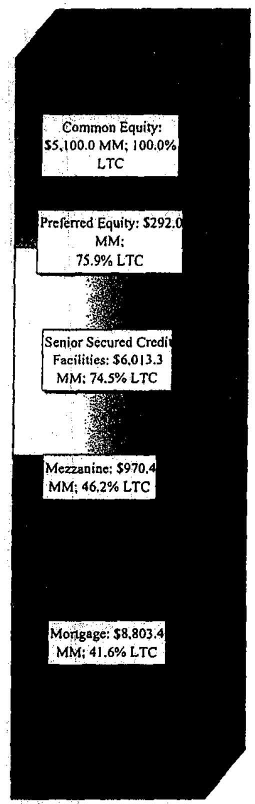
- Best-in class management: The current management team will continue to operate the portfolio and has average industry experience of more than 25 years, led by the CEO, Scot Sellers who has been with the Company for 14 years.
- Strong development pipeline: The Company currently employs a dedicated development team with a total expected investment of over $5.1 billion
- Asset management business: The Company's assets under management is greater than any public multifamily REIT.

Considerations

- High purchase price for the Company
  - *Mitigant:* The acquisition basis of the Company's core operating portfolio is $328k per unit, or a 4.06% cap rate; this pricing represents a material discount to estimated replacement cost of ~$390k per unit. Additionally, future value will be derived upon stabilization of development deals.
  - *Great Physical Assets:* The Company achieved the highest grade for physical asset quality [Green Street Advisors, May 17, 2007].

	Adjusted Closing Capitalization	Adjustments	Current Capitalization	LEH Exposure
Mortgage				
Fannie Mae	$7,069,325,900	($206,228,973)	$6,863,096,927	$0
Freddie Mac	1,801,875,000	(323,351,685)	1,478,523,315	-
Fee Interest	76,000,000	(59,829,021)	16,170,979	7,648,170
New Mortgage Debt	-	207,219,851	207,219,851	-
New Development Loans	-	208,459,303	208,459,303	-
New Land Loans	-	34,904,812	34,904,812	-
Total Mortgage	**$8,947,200,900**	**($138,825,713)**	**$8,808,375,187**	**$7,648,170**
Total Mezzanine	**$1,069,170,994**	**($98,724,885)**	**$970,446,109**	**$458,978,816**
Assumed Debt				
Tax Exempt	$820,715,000	$0	$820,715,000	$0
Existing Joint Ventures (pro rata share)	350,604,301	-	350,604,301	-
Development	72,384,138	-	72,384,138	-
Germany (pro forma 15% share)	147,213,822	-	147,213,822	-
Total Assumed Debt	**$1,390,917,260**	**$0**	**$1,390,917,260**	**$0**
OC/SD JV Debt				
Met Life Mortgage Debt	$82,000,000	$0	$82,000,000	$0
Lehman Mezz Fund	27,500,000	-	27,500,000	-
Total OC/SD JV Debt	**$109,500,000**	**$0**	**$109,500,000**	
Term Loan				
Term Loan A	$1,750,000,000	($763,564,795)	$986,435,205	$454,905,564
Term Loan B	3,014,000,000	-	3,014,000,000	1,425,490,957
Revolver	-	300,000,000	300,000,000	141,886,957
Development Acquisition Loan	500,000,000	(287,572,863)	212,427,137	100,468,800
Total Term Loan	**$5,264,000,000**	**($751,137,658)**	**$4,512,862,342**	**$2,122,752,277**
Total Debt	**$16,780,789,154**	**($988,688,257)**	**$15,792,100,898**	**$2,589,379,263**
Preferred Equity	**$292,023,075**	**$0**	**$292,023,075**	**$0**
Common Equity				
Tishman Speyer GP Equity	$250,000,000	$0	$250,000,000	$0
Lehman Brothers GP Equity ("LBREPE")	245,900,000	-	245,900,000	245,900,000
Sellers GP Equity	4,100,000	-	4,100,000	-
Syndicated Equity	71,000,000	-	71,000,000	-
Bridge Equity	4,529,000,000	-	4,529,000,000	2,142,020,087
Total Common Equtiy	**$5,100,000,000**	**$0**	**$5,100,000,000**	**$2,387,920,087**
Total Capitalization	**$22,172,812,230**	**($988,688,257)**	**$21,184,123,973**	**$4,977,299,350**
Leverage	**75.7%**		**74.5%**	

Archstone Portfolio



Archstone Capitalization (As of 08/31/08)

Cap Structure	Current Balance	LTC	LEH Balance	LTC
Mortgage:	$8,808,375,187	*41.6%*	$7,648,170	*41.6%*
Mezzanine:	970,446,109	*46.2%*	458,978,816	*46.2%*
Senior Secured Credit Facilities:	6,013,279,602	*74.5%*	2,122,752,277	*74.5%*
Preferred Equity:	292,023,075	*75.9%*	0	*75.9%*
Common Equity:	5,100,000,000	*100.0%*	2,387,920,087	*100.0%*
Totals	**$21,184,123,973**	***100.0%***	**$4,977,299,350**	***100.0%***

Property Type	Multifamily
Location	Portfolio, National
Occupancy	95.30%
Total Units (As of 05/31/08)	63,803 Units

Notes

1. The $2,142,020,087 Bridge Equity in the accompanying memo represents Lehman's ratable share of the $5,100,000,000 of common equity in the Archstone venture.
2. The Senior Secured Credit Facilities also includes an incremental Term Loan B feature with an additional unfunded capacity of approximately $146.2mm.
3. The Senior Secured Credit Facilities is shown net of approximately $329.7mm of reserves.
4. The Mortgage debt is comprised of numerous discrete uncrossed collateral packages ranging from approximately 20% LTV to 72% LTV.

Archstone

As of August 2008

Retained Position Summary	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
Mortgage	$8,808,375,187	$8,954,575,187		See Below	See Below	See Below
Mezzanine	970,446,109	1,116,646,109		See Below	See Below	See Below
Senior Secured Credit Facilities	6,013,279,602	6,159,479,602		See Below	See Below	See Below
Preferred Equity	292,023,075	438,223,075		See Below	See Below	See Below
Common Equity	4,283,410,295	4,429,610,295		See Below	See Below	See Below
Totals	**20,367,534,268**	**21,098,534,268**	**0**			

Senior Loan (Fannie Mae)

Orig Bal	$5,917,760,093	**Coupon**	FNMA Floating - 3.751% FNMA 5 Year - 6.193% FNMA 7 Year - 5.883% FNMA 10 Year - 6.256%	**Up-Front Reserves/Guaranty**	
Current Funded	$5,917,760,093	**Spread**	FNMA Floating - L + 126.5 bps	***Capital (TI/LC, Capex)***	
Future Funding	$0	**LIBOR Cap** (*If applicable*)	FNMA Floating - 5.25%	***Unfunded TI/LC***	
Fully Funded	$5,917,760,093	**Interest Payment Type**	Act/360	***Other***	
Maturity Date	10/1/2009 - "FNMA Floating" 10/1/2012 -"FNMA 5 Year" 10/1/2014 -"FNMA 7 Year" 10/1/2017 -"FNMA 10 Year"	**Amortization**	None	**Guaranty**	
Extended Maturity	The FNMA Floating debt has 3,1-year extension options	**Rate Type**	Fix / FLT	**Cross-Collateralization**	Yes - 9 discreet pools
Extension Provisions	FNMA Floating: No EOD, DSCR greater than 0.95x and purchase replacement interest rate hedge agreements.				
Call Protection	FNMA 5, 7 and 10 Year Debt: Yield maintenance with a six (6) month open prepayment window prior to the applicable maturity date. FNMA Floating Debt: Prepayments during the first twelve (12) months are subject to the payment of a prepayment premium of 0.10% of the principal amount prepaid.				

Mezzanine Loan Terms (Fannie Mae)

Orig Bal	$729,876,007	**Coupon** (See Comment section below for further discussion of Mezzanine Loan Coupons)	FNMA Floating - 5.236% FNMA 5 Year - 5.136% FNMA 7 Year - 5.236% FNMA 10 Year - 5.336%	**Up-Front Reserves/Guaranty**	-
Current Funded	$729,876,007	**Spread**	FNMA Floating - L + 275 bps FNMA 5 Year - L + 265 bps FNMA 7 Year - L + 275 bps FNMA 10 Year - L + 285 bps	***Capital (TI/LC, Capex)***	
Future Funding	$0	**LIBOR Cap** (*If applicable*)	FNMA Floating - 6.25%	***Unfunded TI/LC***	
Fully Funded	$729,876,007	**Interest Payment Type**	Act/360	***Other***	
Maturity Date	10/1/2009 - "FNMA Floating" 10/1/2012 -"FNMA 5 Year" 10/1/2014 -"FNMA 7 Year" 10/1/2017 -"FNMA 10 Year"	**Amortization**	None	**Guaranty**	
Extended Maturity	The FNMA Floating debt has 3,1-year extension options	**Rate Type**	Fix / FLT	**Cross-Collateralization**	Yes - 9 discreet pools
Extension Provisions	FNMA Floating: No EOD, pay an extension fee of 0.125% of the outstanding principal amount (only for the second and third extension options), and deliver replacement interest rate hedge agreements with a strike rate of 6.25%				
Call Protection	Spread maintenance for prepayment occurring during the first year				
Comments	***FNMA Fixed Rate 5, 7 and 10 Year Mezzanine Loans currently float at the Spread over one-month LIBOR. Upon syndication of the individual mezzanine loan, Lender will lock the rate for the appropri maturity to achieve par syndicatior				
	Mezzanine Borrower was required to deposit with Mezzanine Lender an amount equal to the projected debt service shortfalls through the end of calendar year 2009 for Pools 1,2,3,5 and 9. In lieu of such d service reserve deposit, Borrower was permitted to deliver to a certificate of the borrower under the Bank Debt (defined below) certifying (a) there are sufficient funds available to the borrower under the Bank Debt for the purpose of paying the debt service through the end of calendar year 2009, (b) the borrower under the Bank Debt will, in the event of any such debt service shortfalls, borrow such funds pursuant to the Bank Debt documents and will contribute such funds to Mezzanine Borrower and (c) Mezzanine Borrower will use such funds to pay for any such debt service shortfalls.				
Debt Service Reserve:	"Bank Debt" shall mean those certain term loan and credit facilities in the aggregate maximum principal amount of $5,469,000,000.00, secured by assets (other than the properties securing the mortgage loans a				

Senior Loan (Freddie Mac)

Orig Bal	$1,478,523,315	**Coupon**	Freddie Mac Pool 1: 3.496% Freddie Mac Pool 2: 3.426%	**Up-Front Reserves/Guaranty**	
Current Funded	$1,478,523,315	**Spread**	Freddie Mac Pool 1: L + 101 bps Freddie Mac Pool 2: L + 94 bps	***Capital (TI/LC, Capex)***	
Future Funding	$0	**LIBOR Cap** (*If applicable*)	See Hedging Discussion Below	***Unfunded TI/LC***	
Fully Funded	$1,478,523,315	**Interest Payment Type**	Act/360	***Other***	Pool 1: $6,110,000 Debt Service Reserve attributed to the Archstone Warner Center and Archstone Boston Common properties. Pool 2: $320,000 Debt Service Reserve attributed to the Westchester at Clairmont property.
Maturity Date	10/1/2012	**Amortization**	None	**Guaranty**	
Extended Maturity	NAP	**Rate Type**	FLT	**Cross-Collateralization**	Yes - 9 discreet pools
Extension Provisions	NAP				

Call Protection
Spread maintenance payment required in connection with any prepayments made during the first year. However, up to 10% of the Mortgage Loan Amount may be prepaid without spread maintenance if prepayments occur in connection with asset sales after the sixth payment date.

Debt Service Reserve
Debt Service Reserve: Borrower was required to deposit with Lender an amount equal to the projected debt service shortfalls through the end of calendar year 2009. In lieu of such debt service reserve depo Borrower was permitted to deliver to a certificate of the borrower under the Bank Debt (defined below) certifying (a) there are sufficient funds available to the borrower under the Bank Debt for the purpose of paying the debt service through the end of calendar year 2009, (b) the borrower under the Bank Debt will, in the event of any such debt service shortfalls, borrow such funds pursuant to the Bank Debt documents and will contribute such funds to Mezzanine Borrower and (c) Mezzanine Borrower will use such funds to pay for any such debt service shortfalls.

"Bank Debt" shall mean those certain term loan and credit facilities in the aggregate maximum principal amount of $5,460,000,000.00, secured by assets (other than the properties securing the mortgage loans a

Hedging/LIBOR Cap
Pool 1: (i) $470,000,000 pay fixed-rate of 4.96%, receive one-month LIBOR interest rate swap (Term= 3 years) and (ii) $376,907,500 interest rate cap with a strike price of 5% (Term= 3 years)
Pool 2: (i) $530,000,000 pay fixed-rate of 4.96%, receive one-month LIBOR interest rate swap (Term= 3 years) and (ii) $424,967,500 interest rate cap with a strike price of 5% (Term= 3 years)

Mezzanine Loan (Freddie Mac)

Orig Bal	$237,033,970	**Coupon**	Pool 1 - 5.486% Pool 2 - 5.486%	**Up-Front Reserves/Guaranty**	
Current Funded	$237,033,970	**Spread**	L ~ 300 bps	***Capital (TI/LC, Capex)***	
Future Funding	$0	**LIBOR Cap** (*If applicable*)	5.75%	***Unfunded TI/LC***	
Fully Funded	$237,033,970	**Interest Payment Type**	Act/360	***Other***	
Maturity Date	10/1/2009	**Amortization**	None	**Guaranty**	
Extended Maturity	3,1-year extension options	**Rate Type**	FLT	**Cross-Collateralization**	Yes - 9 discreet pools

Extension Provisions
Extension fee of 0.125% of the outstanding principal amount, deliver replacement interest rate hedge agreements (with a strike rate of a rate per annum, which, when added to the weighted average of the Mortg Spread, the Mezzanine A Spread and the Mezzanine B Spread (each as defined below), would produce a debt service coverage ratio (assuming a Mezzanine A Spread of 3.75% per annum) of no less than (x) if only interest rate caps are obtained, 0.85x or (y) if only interest rate swaps or a combination of interest rate swaps and caps are obtained, 0.95x); and either replenish the debt service reserve with amounts sufficient to cover projected debt service shortfalls through the end of the applicable extension term or deliver a certificate of the borrower under the Bank Debt as described under the "Reserves" section below.

Call Protection
Spread maintenance payment required in connection with any prepayments made during the first year. However, up to 10% of the Mortgage Loan Amount may be prepaid without spread maintenance if prepayments occur in connection with asset sales after the sixth payment date.

Debt Service Reserve
Debt Service Reserve: Borrower was required to deposit with Lender an amount equal to the projected debt service shortfalls through the end of calendar year 2009. In lieu of such debt service reserve depo Borrower was permitted to deliver to a certificate of the borrower under the Bank Debt (defined below) certifying (a) there are sufficient funds available to the borrower under the Bank Debt for the purpose of paying the debt service through the end of calendar year 2009, (b) the borrower under the Bank Debt will, in the event of any such debt service shortfalls, borrow such funds pursuant to the Bank Debt documents and will contribute such funds to Mezzanine Borrower and (c) Mezzanine Borrower will use such funds to pay for any such debt service shortfalls.

Orig Bal	Term Loan A: $986,435,205 Term Loan B: $3,014,000,000 Revolver: $300,000,000	**Coupon**	Term Loan A: L + 5.486% Term Loan B: L + 5.736% Revolver: L + 5.486%	**Up-Front Reserves/Guaranty**	NAP
Current Funded	Term Loan A: $986,435,205 Term Loan B: $3,014,000,000 Revolver: $300,000,000	**Spread**	Term Loan A: L + 300 bps Term Loan B: L + 325 bps Revolver: L + 300 bps	***Capital (TI/LC, Capex)***	NAP
Future Funding	Term Loan B: $146,200,000	**LIBOR Cap** (*If applicable*)		***Unfunded TI/LC***	NAP
Fully Funded	Term Loan A: $986,435,205 Term Loan B: $3,160,200,000 Revolver: $300,000,000	**Interest Payment Type**		***Other***	Debt Service Reserve: $500,000,000
Maturity Date	Term Loan A: 10/05/11 Term Loan B & Revolver: 10/05/12	**Amortization**	Term Loan A amortization of $500 million in year 1, $350 million in year 2 $300 million in year 3 with the balance due at maturity.	**Guaranty**	NAP
Extended Maturity	NAP	**Rate Type**	FLT	**Cross-Collateralization**	NAP
Extension Provisions	NAP				
Call Protection	Prepayable at any time without premium or penalty, subject to customary breakage costs. Optional prepayments of the term loans shall be applied first to the Term Loan A (applied to the installments in the direct order of maturity) and second to the Term Loan B.				
Comments					

Informations As of Date:	08/31/08	**Promote Terms**		**Additional Property Information**	
Operating Partner:	Tishman Speyer / LBREPE	Promote Hurdle Rate	8%	Anticipated Sale Date	10/05/07 - 10/05/14
		Effective split after hurdle		Pro Forma Exit Cap (3)	3.07% - 7.35%
Equity Capitalization		LP Share	72.2%	**Equity Return Metrics**	
Tishman Speyer GP Equity	$250,000,000	GP Share	27.8%	Unlevered IRR	n/a
% Share of Total Equity	4.902%	**Asset Management Fee**		Levered IRR (4)	15.59%
LBREPE GP Equity (1)	$250,000,000	Asset Mgmt Fee Rate	35 bps	Multiple of Capital (4)	2.30x
% Share of Total Equity	4.902%	Asset Mgmt Fee Based Upon	Total Assets	5 Year Cash on Cash	0.00%
Add'l Third Party Equity	$2,457,980,000			Hold Period Cash on Cash	0.00%
% Share of Total Equity	48.196%	**Failed Syndication Terms**		**Lehman GP Equity Rights**	
Lehman Equity (2)	$2,142,020,000	Failed Syndication Date	10/05/08	Major Decision Rights	Yes
% Share of Total Equity	42.000%	Does the Promote go away?	Yes	Right to Force Sale	No
Total Equity Investment	$5,100,000,000	Does the AM Fee go away?	Yes	Forced Sale Date	n/a

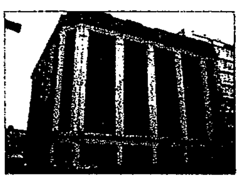
Comments

(1) LBREPE GP Equity includes $4.9mm of Archstone Management retained equity.
(2) Current Lehman Bridge Equity basis is $1.477bn.
(3) Assumes stressed case of 75bps of exit cap widening, except on trades completed, under contract, or in negotiation. The weighted average exit cap of future sales under this scenario is 5.56%.
(4) Levered IRR and multiple of capital represent pro forma metrics to LP equity, assuming syndication without fees or promotes on 12/31/08. marked basis of $1.435bn (includes debt marks), and 09/30/14 monetization.

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

Diversity



UK

Transaction Overview

- Lehman Brothers acquired Northern Rock's existing £1.44 billion ($2.63 billion) commercial mortgage portfolio (including the collapse of their "on-balance-sheet" existing CMBS issues Dolerite I and Dolerite II) in June 2007
- The Gospel portfolio was initially composed of a highly granular and diversified pool of over 1,000 first lien mortgage loans with a weighted average seasoning of 11.3 years
- Since acquisition, prepayments and repayments have seen the balance reduced to £1.27 billion[1] ($2.33 billion) and number of loans outstanding to 762
- As with any diverse loan pool, lending has been made to a wide range of borrowers, including propco's, SPV's, corporates, housing associations and individual borrowers
- The pool is secured over assets located throughout the UK benefiting from exceptionally strong geographic asset type and tenant diversity

Originator Information

- Northern Rock Plc was formerly the UK's 5th largest mortgage lender, this sale was made in accordance with Northern Rock's previously stated strategy of removing higher risk weighted assets from its balance sheet, following receipt of its Basle II IRB waiver
- Northern Rock has been active in the commercial mortgage marketplace since its commercial finance department was established in 1990. Since its inception, Northern Rock's commercial lending business has been treated as a separate operational area to Northern Rock's residential mortgage lending operation
- Strategy has also evolved, evidenced by NR's choice to discontinue lending to developments, hotel and nursing home assets in 2003 and decision to focus on financing office, retail, investment residential and modern industrial properties
- The focus of Northern Rock's commercial lending business was to make senior loans against stable investment properties, rather than invest in mezzanine or equity positions

Property Information

- As of 31 July 2008, the Gospel portfolio is secured over more than 1,400 properties spread across the entire UK
- The biggest concentration is in the London area (with 25% of the total market value), although this is to be expected given that prices are generally higher in the capital
- The property type allocation is of 41.8% office, 30.3% retail, 16.2% industrial, 3.3% residential, 2.0% hotel and other assets make up no more than 6.4% (by market value) of the underlying properties
- The top ten assets represent only 13.0% of the total property portfolio and no property represents more than 2.1% of total property market value
- Northern Rock's stated policy was only to lend on leasehold properties where lease expiry was to take place at least 30 years after the loan's final maturity date
- The valuations on the assets were conducted between Nov. 1985 and Nov 2007. As of 31 July 2008, the valuation reports have a weighted average age of 2.9 years

Tenancy

- The income is generated from a diverse spread of tenants over 1450 properties ranging from investment grade international companies down to local retailers
- The top 20 loans provide exposure to a diverse tenant base including over 1,400 residential tenants and 600 different commercial tenants under more than 2,000 leases
- The largest single tenant under any loan, Nat West (part of the Royal Bank of Scotland Group AA/Aa2/AA-) accounts for less than 2.5% of the total income that the loans benefit from

Capital Structure and loan facts

- The Gospel Loans are composed of 762 first lien loans totaling £1.27 billion[1] ($2.33 billion)
- The average loan size was c. £1.98m ($3.6m) and had a weighted average LTV of around 70.0%
- 36% of the portfolio comprises loans that are less than £5m ($9.1m), indicating the granularity of the subject pool
- The loans are well seasoned with a weighted average seasoning of c. 5.2 years
- 75% of the loans are currently amortising or will amortise in the future
- The weighted average ICR is 1.67x and the weighted average DSCR is 1.26x
- 3.12% of the loans by balance are delinquent

Sponsorship

- As with any diverse loan pool, lending has been made to a wide range of borrowers, including propco's, SPV's, corporates, housing associations and individual borrowers
- 40% of the loans are made to individual borrowers who are heavily incentivised to perform or otherwise face personal bankruptcy

Strength

- Granularity and diversity, portfolio exhibits high degree of diversity at all levels; asset types, borrower, and geographical location, credit statistics for the pool are evenly distributed around the mean. This being a key benefit in measuring quality of this pool against comparable securitisation pools
- Excellent Historic Performance/Track-record, pool benefits from weighted average seasoning of 5.08 years and average losses of only 3 bps pa over the last 7 years
- Property valuation cushion, the valuations on the assets were conducted between Nov. 1985 and Nov 2007. As of 30 July 2008, the valuation reports have a weighted average age of 2.9 years

Considerations

- Valuation decline: A number of properties could be considered as secondary or tertiary locations which have historically been more vulnerable change in market opinior
- Borrower professionalism: The loans typically do not feature hard lockbox systems or other typical lender control features. Thus there remains a risk of borrowers misappropriating tenant income for their own purposes. Further, a number of loans represent equity withdrawal refinances and thus borrower incentive to protect existing equity may be reduced in some cases
- Exposure to interest rate risk, 58% of the pool balance is based on floating rate

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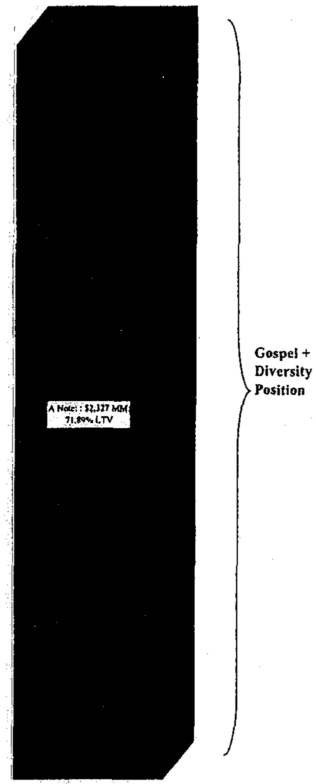
[1] 31 July 2008

ospel / Diversity - Debt Stack

›T STACK (Fully Funded): $2,327 MM



Cap Structure	Loan Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Loan Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV	Loan / SF (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR	Fixed / Floating	Coupon/Spread
Mortgage: Securitized + Balance Sheet	$2,326,850,301	£0	*71.9%*	$2,326,850,301	£0	*71.9%*	*NAP*	*6.2%*	*6.2%*	1.26x	1.26x	Mixed	Warr + 1.47%⁽¹⁾
Totals	**$2,326,850,301**	**£0**	***71.9%***	**$2,326,850,301**	**£0**	***71.9%***	***NAP***	***6.2%***	***6.2%***	***1.26x***	***1.26x***	***Mixed***	**Warr + 1.47% (1)**

Notes

(1) The WARR is the Weighted Average Reference Rate of the interest rate type

Gospel/Diversity

As of July 2008

Retained Position Summary

	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
[Position 1]	£1,044,534,831.13	1,044,534,831	937,188,362	3/24/2040		WARR + 0.68%
[Position 2]	227,489,077	227,489,077	212,921,228	6/27/2029		6.48%
[Position 3]						
[Position 4]						
Totals	**1,272,023,908**	**1,272,023,908**	**1,150,109,590**	3/24/2040		-

NOTE: Current funded amounts as of 31 July whereas Carry value as of 31 Aug

Diversity Terms

Orig Bal		**Coupon**	WARR + 0.68%	**Up-Front Reserves/Guaranty**	NAP
Current Funded	£1,044,534,831.13	**Spread**	0.68%	***Capital (TI/LC, Capex)***	NAP
Future Funding	£0.00	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NAP
Fully Funded	£1,044,534,831.13	**Interest Payment Type**	Various	***Other***	NAP
Maturity Date	3/24/2040	**Amortization**	Partial	**Guaranty**	NAP
Extended Maturity	NAP	**Rate Type**	Various	**Cross-Collateralization**	
Extension Provisions	NAP				
Call Protection	NAP				
Comments	Thec cut off date is as off 31/07/2008. This does not include the c. 51 m amortisation that occurred at the August Interest Payment Date				

Gospel Terms

Orig Bal		**Coupon**	6.48%	**Up-Front Reserves/Guaranty**	NAP
Current Funded	£227,489,076.60	**Spread**		***Capital (TI/LC, Capex)***	NAP
Future Funding	£0.00	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NAP
Fully Funded	£227,489,076.60	**Interest Payment Type**	Various	***Other***	NAP
Maturity Date	6/27/2029	**Amortization**	Partial	**Guaranty**	NAP
Extended Maturity	NAP	**Rate Type**	Various	**Cross-Collateralization**	
Extension Provisions	NAP				
Call Protection	NAP				
Comments	The coupon is the weighted average all in interest rate (base rate + margin)				

LEHMAN BROTHERS Real Estate Group Coeur Défense – Paris, France

Lehman Brothers financed the acquisition of Coeur Défense, a 177,000 sqm Class A office complex in Paris, France.

Transaction Overview

- Lehman Brothers originated both a €1.639m floating rate loan (the "Senior Loan") in July 2007 (50%:50% with Goldman Sachs), which was contributed to the Windemere XII securitization and €475m of co-investment equity (the "Bridge Equity").
- The Senior Loan and Bridge Equity proceeds were used by the sponsors, Lehman (€71.2 million) and Atemi, (€6 million) to acquire Coeur Défense (the "Property").
- Based on the as-is appraised value (as of March '08) of €2,077m, the LTV for the Senior Loan is 78.9%. [1]

Sources & Uses						
Sources	**EUR**	**LTC**	**PSM**	**Uses**	**EUR**	**PSM**
Mortgage - Securitized	1,519,000,000	*69.31%*	*8,580*	Purchase Price	2,058,706,000	*11,628*
B - Note	119,950,000	*74.78%*	*9,258*	Closing Costs	128,020,125	*723*
				Interest Reserve	5,000,000	*28*
Lehman Equity	71,200,000	*78.03%*	*9,660*			
Atemi Equity	6,000,000	*78.30%*	*9,694*			
Co-Investment Equity	475,576,125	*100.00%*	*12,380*			
Totals	**2,191,726,125**		**12,380**	**Totals**	**2,191,726,125**	**12,380**

Property Information

- Coeur Défense, the largest European office complex, is a landmark asset located in an exceptional sub-market in Paris - La Défense business district. The Property is 90.9% occupied with average in-place rents of €582PSM ($79.5 PSF).
- The property, completed in 2001, comprises two 39-storey towers combined with three adjacent 8-storey buildings providing over 1.9 million square feet of leasable area (177,000 sqm) of Grade A+ offices with high end technical specifications.
- The property has exceptional floor plates of up to 34,500 sq.ft.(3,200 sqm), which are extremely rare in the market (compared to 10-15,000 sq.ft for current stock).
- Freehold investment including a large provision of car parking (both very atypical for location).

Location / Market

- "La Défense" was created in the late 1950's and provides today the second largest office concentration in Europe, behind Paris, with its 3.43 million sqm (36.9 million sq.ft.) of office space (as of September 2006), which represents circa 8% of total Paris region. These offices are occupied by 3,600 companies, including 2,500 company headquarters (including 14 of the 20 largest French companies and, 15 of the 50 largest international firms). Most of those companies are either insurance companies or in the financial services sector.
- In addition to office space, La Défense comprises one of Paris' region largest congress centres called the CNIT (43,000sqm, four exhibition halls, three amphitheatres, and 36 modular spaces), 230,000 sqm of retail space, 2,600 hotel rooms, and 110,000 sqm of parks.
- La Défense provides large office buildings and floor-plates. Companies can find significantly more – and more efficient – space than in Paris CBD where planning restrictions designed to preserve Paris's architectural and cultural heritage limit the number of potential large scale developments.
- The French government has a long-term focus to continue to develop La Défense's high profile and competitiveness as one of Europe's leading business centres ("La-Défense 2015" plan) which include significant transport infrastructure investments.
- The La Defense market has a 3% vacancy rate.

Sponsorship

- Lehman and Atemi are joint sponsors
- Atemi was set up in 1992 by Georges Pébereau (former CEO of Alcatel) and Alain Teste (former CEO of Unibail). In December 2005, LBREP acquired 40% of the company and became its key financial sponsor. Guy de Boisgrollier was appointed CEO in September 2006.
- Guy de Boisgrollier has over 20 years of real estate experience, in various roles including head of Nexity's Property and Asset Management Division. Guy has a particularly significant experience of the La Défense market as owner of the CNIT and 10 high rise buildings when he was heading the Générale des Eaux / Vivendi real estate investment activity. Subsequently, as asset and property manager, Guy managed two million square meters in the Ile-de-France market of which one third was located in La Défense.

Current Status / Business Plan

- Coeur Défense's lease expiration profile is a key value driver of this opportunity:
  - Coeur Defense is 90% occupied and currently has the only large contiguous prime space left on the market (B3 building).
  - In the 2009-2010 timeframe, when limited new supply comes to market, 68% of Coeur Défense's in-place leases roll, providing the Sponsor with significant opportunity to renew or re-let units at premium rents with minimal concessions.
  - The strong re-instatement clauses and 12 month notice period on the vast majority of the in place leases provide long lead time and significant leverage to renew or re-let spaces, minimizing downtime and tenants incentive.
  - At the same time, Paris's office market continues to tighten as available inventory is inadequate to meet forecasted demand with very few large blocks of Class A or A+ space available (3% vacancy) and the delivery of competitive buildings in the near term is minimal.

Strengths

- Undoubtedly one of the best buildings in Paris in a prime location in the La Defense submarket of Paris where there is an acute lack of new and available supply currently and over the next 2-3 years.
- Credit tenants on landlord favorable leases with 12 month notice periods and strong reinstatement clauses.

Considerations

- The Property is currently 9.9% vacant and approximately 70% of tenants have lease breaks in the next 2-3 years.
  - *Mitigant*: Coeur Defense has the only available large Grade A floor space in La Defense. And there are no new competing schemes expected in 2009, and limited new supply in 2010 and 2011.

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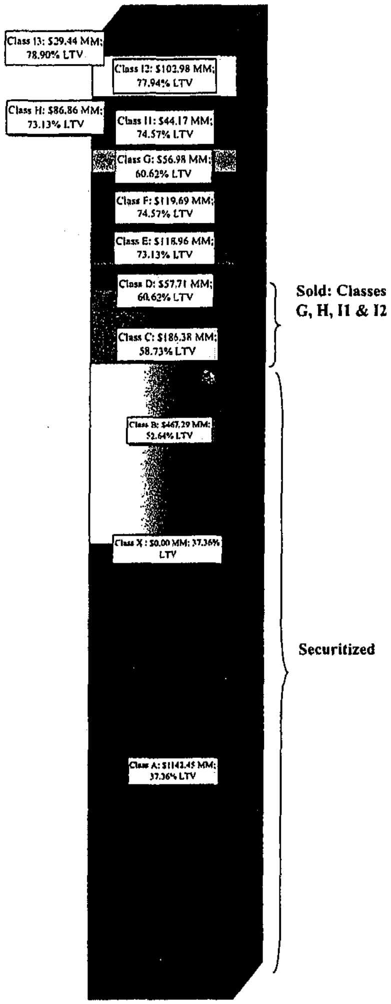
[1] [illegible]

Windermere XII CMBS

Debt Stack (Fully Funded): $2,412.91 MM



FLOATING-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	Available Balance (Current Funded)	As-Is LTV	Loan Balance (Fully Funded)	Available Balance (Fully Funded)	Loan / sqm (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Class A:	$1,142,450,480	$22,819,565	*37.4%*	$1,142,450,480	$22,819,565	*$6,453*	*13.22%*	*13.2%*	2.60x	2.60x
Class X :	$442	$0	*37.4%*	$442	$0	*$6,453*	*13.22%*	*13.2%*	2.60x	2.60x
Class B:	$467,285,802	$196,837,151	*52.6%*	$467,285,802	$196,837,151	*$9,093*	*9.38%*	*9.4%*	1.84x	1.84x
Class C:	$186,384,318	$85,831,009	*58.7%*	$186,384,318	$85,831,009	*$10,145*	*8.41%*	*8.4%*	1.64x	1.64x
Class D:	$57,711,416	$24,807,076	*60.6%*	$57,711,416	$24,807,076	*$10,471*	*8.14%*	*8.1%*	1.59x	1.59x
Class E:	$118,956,184	$41,443,275	*64.5%*	$118,956,184	$41,443,275	*$11,143*	*7.65%*	*7.7%*	1.48x	1.48x
Class F:	$119,692,299	$56,165,575	*68.4%*	$119,692,299	$56,165,575	*$11,819*	*7.22%*	*7.2%*	1.39x	1.39x
Class G: Sold	$56,975,301	$0	*70.3%*	$56,975,301	$0	*$12,141*	*7.02%*	*7.0%*	1.35x	1.35x
Class H: Sold	$86,861,570	$0	*73.1%*	$86,861,570	$0	*$12,632*	*6.75%*	*6.8%*	1.29x	1.29x
Class I1: Sold [5]	$44,166,900	$0	*74.6%*	$44,166,900	$0	*$12,881*	*6.62%*	*6.6%*	1.26x	1.26x
Class I2: Sold [5]	$102,982,489	$0	*77.9%*	$102,982,489	$0	*$13,463*	*6.33%*	*6.3%*	1.20x	1.20x
Class I3: [5]	$29,444,600	$24,464,043	*78.9%*	$29,444,600	$24,464,043	*$13,629*	*6.26%*	*6.3%*	1.18x	1.18x
Totals	**$2,412,911,800**	**$452,367,693**	***78.9%***	**$2,412,911,800**	**$452,367,693**	***$13,629***	***6.26%***	***6.26%***	***1.18x***	***1.18x***

Windermere XII / Coeur Defense

As of July 2008

Retained Position Summary						
	Current Funded	*Fully Funded*	*Carry Value*	*Maturity*	*Amortization*	*Coupon / Spread*
Windermere XII FCC - Class A	15,500,000	15,500,000	12,773,963	7/10/2012	IO	5.01%
Windermere XII FCC - Class B	133,700,000	133,700,000	117,109,042	7/10/2012	IO	5.08%
Windermere XII FCC - Class C	58,300,000	58,300,000	50,342,578	7/10/2012	IO	5.22%
Windermere XII FCC - Class D	16,850,000	16,850,000	14,371,518	7/10/2012	IO	5.32%
Windermere XII FCC - Class E	28,150,000	28,150,000	23,727,890	7/10/2012	IO	5.42%
Windermere XII FCC - Class F	38,150,000	38,150,000	32,156,981	7/10/2012	IO	5.54%
Windermere XII FCC - Class I3	15,750,000	15,750,000	13,275,818	7/10/2012	IO	6.74%
Windermere XII FCC - IO	4,615,166	4,615,166	4,615,166	NAP	NAP	NAP
Coeur Defense Bridge Equity	400,576,125	400,576,125	322,412,406	NAP	NAP	NAP
Coeur Defense Lehman Equity	71,200,000	71,200,000	60,380,184	NAP	NAP	NAP
Totals	782,791,291	782,791,291	651,165,546			-

Windermere XII FCC - Class A Terms

Orig Bal	776,000,000	Coupon	5.01%	Up-Front Reserves/Guaranty	5,130,640
Current Funded	15,500,000	Spread	27bps	*Capital (TI/LC, Capex)*	NA
Future Funding	0	LIBOR Cap (*If applicable*)	NAP	*Unfunded TI/LC*	NA
Fully Funded	15,500,000	Interest Payment Type	Quarterly	*Other*	NA
Maturity Date	7/10/2012	Amortization	IO	Guaranty	NA
Extended Maturity	7/10/2017	Rate Type	3m EURIBOR	Cross-Collateralization	NA
Extension Provisions					
Call Protection	10%				
Comments					

Windermere XII FCC - Class B Terms

Orig Bal	317,400,000	Coupon	5.08%	Up-Front Reserves/Guaranty	5,130,640
Current Funded	133,700,000	Spread	34bps	*Capital (TI/LC, Capex)*	NA
Future Funding	0	LIBOR Cap (*If applicable*)	NAP	*Unfunded TI/LC*	NA
Fully Funded	133,700,000	Interest Payment Type	Quarterly	*Other*	NA
Maturity Date	7/10/2012	Amortization	IO	Guaranty	NA
Extended Maturity	7/10/2017	Rate Type	3m EURIBOR	Cross-Collateralization	NA
Extension Provisions					
Call Protection	10%				
Comments					

Windermere XII FCC - Class C Terms

Orig Bal	126,600,000	Coupon	5.22%	Up-Front Reserves/Guaranty	5,130,640
Current Funded	58,300,000	Spread	48bps	*Capital (TI/LC, Capex)*	NA
Future Funding	0	LIBOR Cap (*If applicable*)	NAP	*Unfunded TI/LC*	NA
Fully Funded	58,300,000	Interest Payment Type	Quarterly	*Other*	NA
Maturity Date	7/10/2012	Amortization	IO	Guaranty	NA
Extended Maturity	7/10/2017	Rate Type	3m EURIBOR	Cross-Collateralization	NA
Extension Provisions					
Call Protection	10%				
Comments					

Windermere XII FCC - Class D Terms

Orig Bal	39,200,000	Coupon	5.32%	Up-Front Reserves/Guaranty	5,130,640
Current Funded	16,850,000	Spread	58bps	*Capital (TI/LC, Capex)*	NA
Future Funding	0	LIBOR Cap (*If applicable*)	NAP	*Unfunded TI/LC*	NA
Fully Funded	16,850,000	Interest Payment Type	Quarterly	*Other*	NA
Maturity Date	7/10/2012	Amortization	IO	Guaranty	NA
Extended Maturity	7/10/2017	Rate Type	3m EURIBOR	Cross-Collateralization	NA
Extension Provisions					
Call Protection	10%				
Comments					

Windermere XII FCC - Class E Terms

Orig Bal	80,800,000	**Coupon**	5.42%	**Up-Front Reserves/Guaranty**	5,130,640
Current Funded	28,150,000	**Spread**	68bps	***Capital (TI/LC, Capex)***	NA
Future Funding	0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NA
Fully Funded	28,150,000	**Interest Payment Type**	Quarterly	***Other***	NA
Maturity Date	7/10/2012	**Amortization**	IO	**Guaranty**	NA
Extended Maturity	7/10/2017	**Rate Type**	3m EURIBOR	**Cross-Collateralization**	NA
Extension Provisions					
Call Protection	10%				
Comments					

Windermere XII FCC - Class F Terms

Orig Bal	81,300,000	**Coupon**	5.54%	**Up-Front Reserves/Guaranty**	5,130,640
Current Funded	38,150,000	**Spread**	80bps	***Capital (TI/LC, Capex)***	NA
Future Funding	0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NA
Fully Funded	38,150,000	**Interest Payment Type**	Quarterly	***Other***	NA
Maturity Date	7/10/2012	**Amortization**	IO	**Guaranty**	NA
Extended Maturity	7/10/2017	**Rate Type**	3m EURIBOR	**Cross-Collateralization**	NA
Extension Provisions					
Call Protection	10%				
Comments					

Windermere XII FCC - Class 13 Terms

Orig Bal	20,000,000	**Coupon**	6.74%	**Up-Front Reserves/Guaranty**	5,130,640
Current Funded	15,750,000	**Spread**	200bps	***Capital (TI/LC, Capex)***	NA
Future Funding	0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NA
Fully Funded	15,750,000	**Interest Payment Type**	Quarterly	***Other***	NA
Maturity Date	7/10/2012	**Amortization**	IO	**Guaranty**	NA
Extended Maturity	7/10/2017	**Rate Type**	3m EURIBOR	**Cross-Collateralization**	NA
Extension Provisions					
Call Protection	10%				
Comments					

Windermere XII FCC - IO Terms

Orig Bal	4,615,166	**Coupon**	NAP	**Up-Front Reserves/Guaranty**	5,130,640
Current Funded	4,615,166	**Spread**	NAP	***Capital (TI/LC, Capex)***	NA
Future Funding	0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NA
Fully Funded	4,615,166	**Interest Payment Type**	Quarterly	***Other***	NA
Maturity Date	7/10/2012	**Amortization**	NAP	**Guaranty**	NA
Extended Maturity	7/10/2017	**Rate Type**	3m EURIBOR	**Cross-Collateralization**	NA
Extension Provisions					
Call Protection	NAP				
Comments					

Coeur Defense Bridge Equity Terms

Orig Bal	475,576,125	**Coupon**	NAP	**Up-Front Reserves/Guaranty**	NA
Current Funded	400,576,125	**Spread**	NAP	***Capital (TI/LC, Capex)***	NA
Future Funding	0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NA
Fully Funded	400,576,125	**Interest Payment Type**	NAP	***Other***	NA
Maturity Date	NAP	**Amortization**	NAP	**Guaranty**	NA
Extended Maturity	NAP	**Rate Type**	NAP	**Cross-Collateralization**	NA
Extension Provisions					
Call Protection	NAP				
Comments					

Coeur Defense Lehman Equity Terms

Orig Bal	71,200,000	**Coupon**	NAP	**Up-Front Reserves/Guaranty**	NA
Current Funded	71,200,000	**Spread**	NAP	***Capital (TI/LC, Capex)***	NA
Future Funding	0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NA
Fully Funded	71,200,000	**Interest Payment Type**	NAP	***Other***	NA
Maturity Date	NAP	**Amortization**	NAP	**Guaranty**	NA
Extended Maturity	NAP	**Rate Type**	NAP	**Cross-Collateralization**	NA
Extension Provisions					
Call Protection	NAP				
Comments					

Windermere XII / Coeur Defense

Property Information

Property Name	Couer Defense	**Loan Purpose**	Finance
Address	90-102 Esplanade du General de Gaulle, Paris 92400, Courbevoie, France	**Purchase Price**	2,072,476,421
No. of Properties	1	**As-Is Appraised Value**	2,077,230,000
Property Type	Office	**As-Is Appraised Value Date**	5th March 2008
Property Size	177,040	**Stab. Appraised Value**	2,077,230,000
Year Built / Renovated	Friday, September 21, 2001	**Stab. Appraised Value Date**	5th March 2008
		In-Place NOI	96,184,321
		In-Place NCF	NAP
In-Place Occupancy	90.94%	**Stab. NOI**	NAP
Occupancy Date	Thursday, July 31, 2008	**Stab. NCF**	NAP
Market Occupancy	97.00%	**Cash Flow Date**	Thursday, July 10, 2008
Market Occupancy / Rents Date	31-Jul-08	**5 Yr Proforma NOI**	
In-Place Rents - 100% Below Market		***YE 2009***	97,315,096
Market Rents	580	***YE 2010***	NAP
		YE 2011	NAP
		YE 2012	NAP
		YE 2013	NAP

Supplemental Property Information

For Retail, Percent of Property that is Anchor Space? (%)	NAP	**Is the Hotel Flagged?**	NAP
PML (%)	NAP	**For Hotel, Average Daily Rate (A**	NAP
		For Hotel, Revenue per Avail Room ($) (RevPar)	NAP

Top Tenants	*SQM*	*Lease Expiration*	*% of Total NRA*	*Rent PSM*
Societe Generale (Genegis I)	28,212	Friday, May 21, 2010	15.94%	664.64
AXA IM	26,111	Saturday, June 04, 2016	14.75%	606.33
Cap Gemini	17,555	Friday, May 21, 2010	9.92%	843.27
Total	**71,878**	-	**40.60%**	**687.08**

LEHMAN BROTHERS

June 2008

Carlyle Windermere XIV Loan

Confidential Presentation

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Table of Contents

Loan Overview

Loan Overview

Introduction

- Lehman Brothers ("Lehman") extended a €599,336,143 Loan ("Loan") to a newly formed SPV ("Borrower") backed by The Carlyle Group ("Carlyle") and Lehman, secured on a portfolio of bonds from the Windermere XIV securitisation ("Securities"). Windermere XIV comprises a €1,111,835,00[1] multi borrower, multi-jurisdictional securitisation of 8 well structured first ranking mortgage loans, each originated by Lehman Brothers and secured by a highly diversified pool of 596[1] institutional quality assets
- The characteristics of the bonds that are collateral for the Loan are as follows:

Class	Ratings (Fitch/Moodys/S&P)	Current Par Value [2]	Estimated Weighted Average Life	Bond Margin (bps)	Bond Price	Acquisition Price	Cut Off LTV [3]	Cut Off ICR [3]	% of Windermere XIV Class
A	AAA/Aaa/AAA	€ 552,713,753	3.69 Years	45	94.21%	€ 520,729,867	51.8%	2.16x	71.5%
B	AA/Aa3/AA	€ 68,776,523	4.77 Years	75	93.17%	€ 64,078,468	57.8%	1.92x	73.2%
C	A/NR/A	€ 52,235,334	4.77 Years	120	91.22%	€ 47,647,714	62.7%	1.76x	68.4%
D	A/NR/BBB	€ 31,341,200	4.77 Years	190	90.28%	€ 28,293,770	64.8%	1.69x	97.0%
E	BBB/NR/BBB	€ 4,178,827	4.77 Years	205	87.78%	€ 3,667,978	67.6%	1.60x	9.7%
F	BBB-/NR/BBB-	€ 11,206,414	4.77 Years	230	87.01%	€ 9,751,093	68.9%	1.56x	53.7%
Total / Weighted Average:		**€ 720,452,051**	**3.94 Years**	**63**	**93.58%**	**€ 674,168,890**	**68.9%**	**1.56x**	**69.3%**

- The loan exhibits the following key strengths:
  - All of the Notes making up the Securities are investment grade and there have been no payment defaults in respect of the underlying loans
  - The cash equity of the Borrower sits as the first loss piece of the capital structure and not on a tranche by tranche basis
  - Good Collateral quality - 77% of the securities supporting the loan are AAA bonds
  - Strong Diversity – geographic, property and tenant
  - The attachment point of the Loan is 83.2 cents in the EURO overall
  - Windermere XIV has structural protections to keep the Loan current:
    - €76m liquidity facility available to keep the Securitisation interest current;
    - €5.3m of lock boxed capital available to pick up lack of spread in the class E and F notes; and
    - Cash reserves and Cash traps features built into all of the underlying loans making up the Securitisation
  - The Loan has the following breakevens:
    - The value of the properties supporting the underlying loans can fall by an average of c. 44% before the Loan will experience a principal loss

1. *Data as of 15th October 2007 (closing of Windermere XIV transaction)*
2. *Calculated by multiplying the original face value with the current factor*
3. *As of 15th October 2007, calculated on appraised valuations and excludes VAT and un drawn capex facilities*

Loan Overview

Loan Summary

Overview

- A €599.3m loan to assist the Borrower in acquiring a portfolio of bonds from Windermere XIV securitisation. The Borrower is a newly formed SPV owned by Carlyle (51%) and Lehman (49%)
- Windermere XIV comprises a €1,111,835,00[1] multi borrower, multi-jurisdictional securitisation of 8 well structured first ranking mortgage loans, each originated by Lehman Brothers and originally secured by a highly diversified pool of 596[1] institutional quality assets
- Significant diversity across all levels in the asset portfolio supporting the Securities[1]
  - Geographic Spread: Finland (34.5%), Italy (28.4%), France (24.1%) and Germany (12.9%) (by securitised loan amount)
  - Asset Sector Spread: Office (59.9%), Retail (28.9%), Industrial (6.9%), Mixed Use (3.8%) and Other (0.6%) (by gross rental income)
  - Granular tenant base including 3,475 commercial and 277 multifamily leases, with the top ten tenants accounting for 48.9% of the total gross rental income
  - Limited asset, tenant and industry classification concentration
- The portfolio of assets supporting the Securities are owned and managed by highly experienced sponsors and asset managers including : Goldman Sachs' Whitehall Fund, Fortress, Wichford, Les Docks Lyonnais, JER Partners, Merrill Lynch and JP Morgan Asset Management

Key Loan Features

- 88.9% LTP and 82.3 cents in the Euro
- Maturity date: 15th April 2015
- 88.9% of all amortisation and principal payments received on the Securities to be paid to the Loan, so given the discount on the Securities the loan will delever over time
- Significant sponsor equity backing of €79.3m of which €74.8m sits in the first loss position (remainder was for accrued interest and expenses)
- Loan margin equivalent to the weighted average loan margin on the underlying notes making up the Securities

Characteristics

Purpose	Acquisition
Whole Loan Balance	€ 599,336,143
Whole Loan LTP	88.9%
Remaining Loan Term	6.83 yrs
Maturity Date	15-Apr-15
Current Par Value of the Bonds	€ 720,452,051
Weighted Average Bond Price	93.58%
Acquistion Price	€ 674,168,890
Estimated Weighted Average Life	3.94 yrs
Loan ICR	1.20x

Deal Sources and Uses

Sources of Cash			
Carlyle Equity	51%	€	40,436,179
Lehman Equity	49%	€	38,850,446
Lehman Senior Debt		€	599,336,143
Total		€	678,622,769

Uses of Cash		
Acquisition Price	€	674,168,890
Accrued Interest	€	4,453,879
Total	€	678,622,769

1. *Data as of 15th October 2007 (closing of Windermere XIV transaction)*

Loan Overview

Why we made the Loan?

Robust Breakevens

- The Securities are being acquired at a 6.4% discount and the leverage is 88.9% implying a leverage of c. 83.2 cents in the Euro
- €74.8m of equity sits in the first loss position and is not attributed on a tranche by tranche basis
- Total loss of €121m required on the Securities before the Loan can suffer any loss (discount plus equity cushion)
- The discount margins on the bonds can increase by c.2.5x (AAA discount margin of 600bps) and be sold within a quarter and the loan will still breakeven
- The value of the properties on average can fall by c. 44% and the loan will still breakeven. This level of value decline would be infer an LTV consistent with a AA bond in Windermere XIV
- Loan is equivalent to 77 and 78 cents in the Euro in the E and F class notes

Quality Collateral

- All of the notes making up the Securities are investment grade
- 77% of the notes are AAA
- The underlying loans offer good diversification and at cut off were secured by senior mortgages on 596 commercial properties spread across 4 countries throughout Europe including Finland (34.5% by securitised Loan amount), Italy (28.4%), France (24.1%) and Germany (12.9%). These assets have an estimated aggregate market value of over €1.51 billion. The Mortgage Loans consist of the Sisu Portfolio Loan (29.7% of the securitised principal balance), Fortezza II Loan (28.4%), Haussmann Loan (24.1%), Queenmary Loan (5.2%), Baywatch Loan (4.4%), Odin Loan (3.5%), German State Income Loan (3.3%), and the Harbour Loan (1.4%)

Structural Protection

- The issuer through the offering circular has made extensive representations and warranties (backed by Lehman) at the time of origination covering valuation, environmental, structural, KYC and legal considerations
- The securitisation structure provides a number of protections to the securities, notably:
  - €76m liquidity facility available to keep the Securitisation interest current; and
  - €5.3m of lock boxed capital available to pick up lack of spread in the notes
- Each loan is structured to mitigate the pre-identified occupational or market risks affecting that loan. For example, cash reserves may be in place or built through excess cash flows to protect against the risk of a particular lease breaking

Loan Overview

Key Loan Features

Borrower	◆ CEREP III Investment D S.à r.l. (Lux)
Lender	◆ Lehman Brothers Financing Limited
Amount	◆ € 599,336,143
Maturity Date	◆ 15th April 2015 (12 months post the repayment date on the loan in Windermere XIV with longest term)
Loan Margin	◆ 100% of the weighted average bond margin of the remaining securities ◆ Margin is to be paid over 3M EURIBOR ◆ EURIBOR and interest periods to match Securities
Amortisation	◆ 88.9% of all amortisation and principal payments received on the Securities to the passed through to the Loan

Loan Overview

Key Loan Features (cont'd)

Security

- English law fixed charge and security assignment in respect of the Securities and the Borrower's rights in the safekeeping account (this account will be with Lehman Brothers), all Securities in the safekeeping account and all receipts deriving from such Securities;
- English law security assignment and fixed charge in respect of Borrower's collection account (into which receipts from Securities will be paid); and
- Luxembourg law share pledge in respect of shares in the Borrower

Representations

- Standard representations for a loan of this type

Covenants

- Standard for a loan of this type including:
  - Negative pledge; and
  - No other financial indebtedness

Events of Default

- Standard for a loan of this type including:
  - Non payment under the Loan;
  - Event of default under the Securities;
  - Insolvency;
  - Illegality; and
  - Change of control / Management

Appendices

Windermere XIV Reports

- Please find attached the S&P new issue report and the servicer April 2008 update report

Underlying Loan Highlights

Underlying Loan Highlights (As of 15th October 2007)

Key Figures

Key Highlights

[redacted]

Whole Loan Balance	€ 37,100,000
% of Pool	3.3%
Primary Usage	Office
No. of Properties	1
Remaining Loan Term	6.6 yrs
WAULT to First Break/Expiry (yrs)	12.9 / 12.9
Cut-off LTV	70.0%
Exit LTV	70.0%
Cut-off ICR	1.54x
Cut-off DSCR	1.54x
% of Investment Grade Income	100.0%
No. of Unique Commercial Tenants	1

- A 34,689 sqm single asset let to the Sachsen-Anhalt Federal Government in Halle, Germany and used as the main Courts and Justice building in the region
- Occupied by the Ministry of Justice of the Sachsen-Anhalt state government *(AA-/Aa3/AAA)* for a term expiring in 2020 with two 5 years options to extend
- Robust Cut-off ICR of 1.54x with significant WAULT to break / expiry of 12.9 years
- The Sponsor is Wichford Plc, an AIM listed property company that exclusively deals in properties occupied by governmental bodies
- Significant sponsorship equity backing of €15.9 million

[redacted]

A Note Balance	€ 15,137,943
% of Pool	1.4%
Primary Usage	Office
No. of Properties	1
Remaining Loan Term	2.3 yrs
WAULT to First Break/Expiry (yrs)	3.7 / 3.7
A-Note Cut-off LTV	61.5%
A-Note Exit LTV	61.5%
A-Note Cut-off ICR	1.73x
A-Note Cut-off DSCR	1.73x
% of Investment Grade Income	4.5%
No. of Unique Commercial Tenants	21

- A 6,818 sqm high quality freehold mixed-use office and retail property located on the waterfront in the Katajanokka area of Helsinki
- 95.8% let to 21 different tenants on 25 leases. The largest tenant is Royal Ravintolat, Finland's largest privately owned restaurant and catering company
- Strong A-Note Cut-off ICR of 1.73x and low A-Note Exit LTV of 61.5%
- The Sponsor, Cambridge Place, was founded in 2002 and is a UK based leading investment management group

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Lehman Brothers Contact Details

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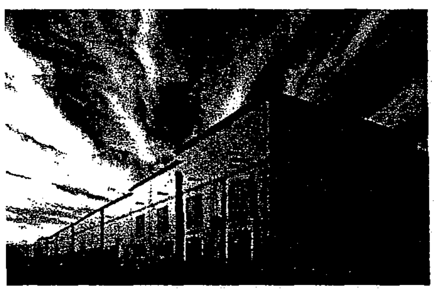
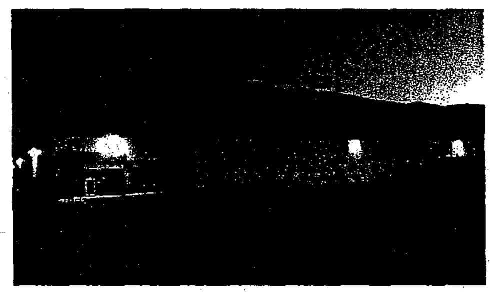
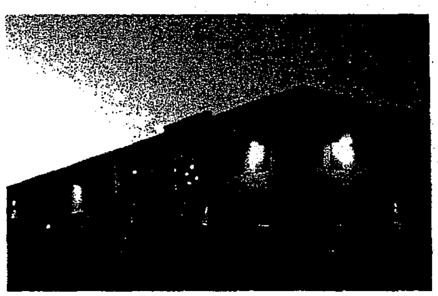
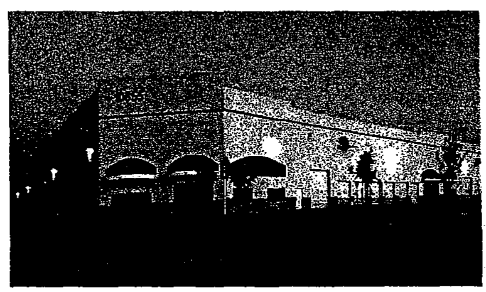
LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

PROLOGIS INDUSTRIAL PORTFOLIO

114 U.S. INDUSTRIAL PROPERTIES

Sponsorship

- ProLogis is the world's largest owner, manager and developer of distribution facilities. ProLogis owns and manages over 446 mm square feet in 105 markets in 20 countries. ProLogis' 2,766 distribution facilities serving more than 4,900 tenants. ProLogis is a member of the S&P 500 with $36.3 bn in assets owned or under management.
- ProLogis assets enjoy an occupancy premium versus competitors and ProLogis stock has historically outperformed its peers.
- ProLogis' senior executives average approximately 20 years of real estate experience with more than 10 years at ProLogis.

Current Status / Business Plan

- The business plan was to purchase an underperforming high-quality industrial portfolio located in growth markets, maxmize rent income through aggressive leasing and management, and benefit from rent growth over time. A nine-year hold is projected to optimize capital appreciation.
- With ProLogis' best-in-class management and dominant market share, the properties can command higher rents.
- The Portfolio has out-performed underwriting since closing.
    - Occupancy has increased by 4% since acquisition from 88% in July 2007 to approximately 92% in June 08.
    - As of June 2008, the Portfolio has achieved an outstanding 92% retention rate as leases have rolled while increasing rents an average of 15% on new leases.

Strengths

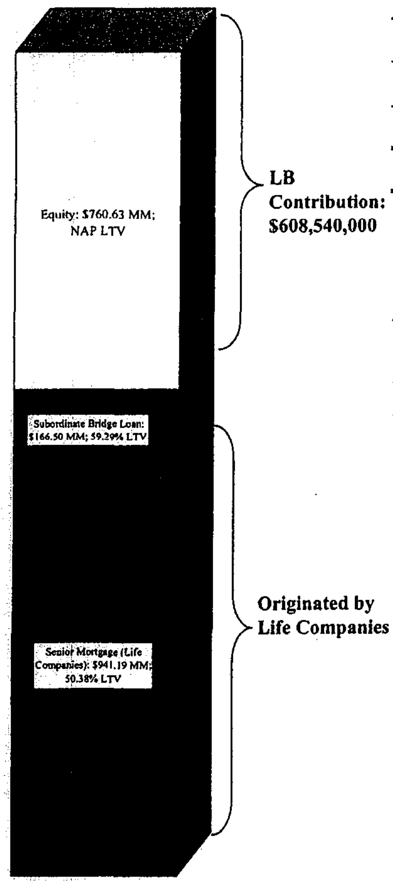
- The Fund has successfully but senior mortgage financing in place on six subportfolios of Portfolio assets.
- With high-quality assets and best-in-class management, the Portfolio is positioned to maintain stable current cash flow.
- ProLogis' market dominance in Reno and Las Vegas has allowed the Fund to increase both rents and occupancy.
- Favorable expiration profile and limited exposure to any single tenant provide downside protection.
    - Diversified customer base of more than 320 companies representing logistics, retail, and packaged goods with no single customer accounting for more than 7% of total square feet or 6% of rental income.
    - Stable lease expiration profile with an average of 14% per annum over the first five years.

Considerations

- The Portfolio is concentrated in Reno and Las Vegas, Nevada.
    - *Mitigant*: Nevada's renowned pro-business climate makes it an attractive low-cost alternative to West Coast states. Furthermore, ProLogis' significant market share and premier property location in these markets allow it outperform the market and drive both occupancy and rental rate growth.
- Inland Empire has experienced significant vacancy driving down rents locally with the potential to impact other markets in the region.
    - *Mitigant*: Rent represents a small proportion of customers' operating costs and thus is not the only driver of location decisions. Sales and inventory tax savings in Nevada allow retailers to pass on significant savings to their customers by distributing goods from Nevada vs. California.
- The outstanding Bridge Loan matures November 11, 2008.
    - *Mitigant*: Lehman is contemplating the refinancing of the debt; however, prospective equity investors have expressed interest in refinancing with equity for a lower-leverage portfolio.

Prologis Industrial Portfolio

'otal Cap (Fully Funded: $1,868.32 MM



FLOATING-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	Available Balance (Current Funded)	As-Is LTC	Loan Balance (Fully Funded)	Available Balance (Fully Funded)	Stab. LTC	Loan / SF (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior Mortgage: Life Companies	$941,189,134	$0	*50.4%*	$941,189,134	$0	*50.4%*	*$38*	*8.43%*	*10.4%*	1.40x	1,73x
Subordinate Bridge Loan	$166,504,450	$166,504,450	*59.3%*	$166,504,450	$166,504,450	*59.3%*	*$45*	*7.17%*	*8.9%*	1.22x	1.51x
Equity:	$760,630,000	$608,504,000	*NAP*	$760,630,000	$608,504,000	*NAP*	*NAP*	*NAP*	*NAP*	NAP	NAP
Totals	**$1,868,323,584**	**$775,008,450**	*59.3%*	**$1,868,323,584**	**$775,008,450**	*59.3%*	***$45***	*7.17%*	***8.87%***	***1.22x***	***1.51x***

Notes

1. Consists of 6 loans sold to various insurance companies. Statistics reflect weighted average of each loan.

2. The subordinate bridge loan is the remainder of a bridge loan that has a maturity of 8/11/08 but is pending execution for a 90 day extension.

3. Coverages of Subordinate Bridge Loan are based on the LIBOR rate of 2.50%.

ProLogis Industrial Portfolio

As of August 2008

Retained Position

	Current Funded	*Fully Funded*	*Carry Value*	*Maturity*	*Amortization*	*Coupon / Spread*
Subordinate Bridge Loan	$166,504,450	$166,504,450	$166,504,450	NAP	No	L+2.50%
Lehman Equity	608,504,000	608,504,000	418,028,020	NAP	NAP	NAP
Total	**$775,008,450**	**$775,008,450**	**$584,532,470**			-

Mortgage Debt on Subportfolios held by Life Companies

Property	Loan Amount (Current Funded)	Loan Amount (Fully Funded)	Fixed / Floating	Maturity	Loan Term	Coupon / Spread
MetLife	$218,000,000	$218,000,000	Fixed	4/1/2013	0	5.54%
New York Life	64,577,848	64,577,848	Fixed	5/10/2013	5	5.84%
Northwest Mutual	100,000,000	100,000,000	Fixed	5/1/2013	5	5.00%
ING/Aareal	118,000,000	118,000,000	Floating	7/1/2013	2-1-1-1	L+1.90%
Allstate Assumed	80,611,286	80,611,286	Fixed	5/1/2014	10	5.08%
Allstate Upsize	80,000,000	80,000,000	Fixed	5/1/2014	10	6.12%
Pacific Life	280,000,000	280,000,000	Fixed	6/1/2018	10	6.30%

Subordinate Bridge Loan

Original Balance	$166,504,450	**Coupon**	L+2.50%	**Up-Front Reserves/Guaranty**	
Current Funded	$166,504,450	**Spread**	2.50%	***Capital (TI/LC, Capex)***	NAP
Future Funding	$0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NAP
Fully Funded	$166,504,450	**Interest Payment Type**		***Other***	NAP
Maturity Date	11/11/2008	**Amortization**	I/O	**Guaranty**	NAP
Extended Maturity	NAP	**Rate Type**	Floating	**Cross-Collateralization**	NAP
Extension Provisions	NAP				

Call Protection

Comments Held by Lehman. Lehman is currently exporing refinancing options and anticipates replacing the outstanding Bridge Loan with mezz or equity.

Equity

Informations As of Date:	9/10/2008	**Promote Terms**		**Additional Property Information**	
Operating Partner:	ProLogis	Promote Hurdle Rate	8.75%	Anticipated Sale Date	2017
		Effective split after hurdle		Pro Forma Exit Cap	6.50%
Equity Capitalization (Funded Amounts)		LP Share	36.0%	**Equity Return Metrics (at Carry Value)**	
Operating Partner Equity	$152,126,000	GP Share	64.0%	Unlevered IRR	9.1%
% Share of Total Equity	20.0%	**Asset Management Fee**		Lehman Levered IRR	13.2%
Add'l Third Party Equity	$0	Asset Mgmt Fee Rate[2]	- 15 bps current through hold period	Multiple of Capital	2.54x
% Share of Total Equity	0%		- additional 5 bps current in last 5 years	5 Year Cash on Cash	5.8%
Lehman Equity	$608,504,000	Asset Mgmt Fee Based Upon	Gross Asset Value	Hold Period Cash on Cash	6.1%
% Share of Total Equity	80.0%	**Failed Syndication Terms**		**Lehman Equity Rights**	
		Failed Syndication Date	7/11/2008	Major Decision Rights	Yes
Total Equity Investment[1]	**$760,630,000**	Does the Promote go away?	Yes	Right to Force Sale	Yes
		Does the AM Fee go away?	No	Forced Sale Date	7/11/2008

Comments/Notes Lehman Brothers does not pay a promote or asset management fee.

(2) The asset management fee was reduced from a higher originally negotiated rate to the rate shown as a condition of failed syndication.

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

GREEN

GERMANY CMBS

Multi-Borrower

€403,153,754.11 ($593,536,532) PORTFOLIO GREEN GERMAN CMBS

€267,179,575 ($393,350,767) Class A
€33,659,120 ($49,554,090) Class B
€33,659,120 ($49,554,090) Class C
€29,451,730 ($43,359,829) Class D
€16,829,560 ($24,777,045) Class E
€10,097,736 ($14,866,227) Class F
€3,365,912 ($4,955,409) Class G
€8,911,000 ($13,119,075) Class H

July 2008

LEHMAN BROTHERS Real Estate Group Green

€403,153,754.11 ($593,536,532) PORTFOLIO GREEN GERMAN CMBS Offering

Lehman Brothers is offering the Class A, B, C, D, E, F, G and H bonds of the Portfolio GREEN German CMBS GmbH.

Transaction Overview

- Portfolio GREEN comprises a floating rate note issuance secured on a highly diversified and highly seasoned portfolio of 351 fixed rate German commercial mortgage loans granted to 85 different borrower groups
- The underlying loan portfolio was originated by German insurance subsidiaries of Assicurazioni Generali for their own balance sheet and was sold to Lehman Brothers in two tranches as part of a broader strategy of the vendor's new parent, Generali, for its new subsidiaries to exit from the commercial lending market
- Lehman Brothers issued a €585,411,000 ($861,861,787) multi-borrower Commercial Mortgage-Backed Securitisation in November 2007
- The underlying loan portfolio has a long weighted average loan seasoning of 10.75 years
- The CMBS issue has 8 different classes of notes rated from AAA/Aaa to NR/NR and secured on the underlying loan portfolio
- The outstanding loan portfolio has been actively managed and the outstanding balance was reduced by €182,257,246 ($268,325,255) via amortisation and loan prepayments since the Cut-Off Date.

Property Information

- The underlying real estate collateral is highly diversified throughout 15 Federal States in Germany
- Over 90% of the pool by market value is located in former west Germany, where there has been a long history of a strong, stable economy
- 30% of the portfolio are offices, 28% are residential properties.
- The largest property in the portfolio, "Hirundo", comprising ca 25% of the portfolio by value is located in the city of Munich, the capital of the State of Bavaria and the third largest city in Germany by population
- The property is comprised of four separate 5 to 6 storey buildings providing office space and a separate cylindrical 2 storey building used as operation centre of the main tenant
- The buildings were constructed in 1972 and renovated in 2000 with a total lettable area of 74,833 square meters

Tenancy

- The portfolio is well let is over 3,470 different tenants and enjoys an occupancy of ca 95%.
- The largest tenant of the portfolio is Deutsche Bahn, occupying the Hirundo asset in Munich as regional control centre and office space and accounting for ca 25% of portfolio rental income
- There are two lease contracts with the Deutsche Bahn, one expiring in 2010 contributing to approximately 56.5% of the rental income, and the other expiring in 2025 contributing to 42.8% of the rental income, both having two 5-year extension options. The gross rent amounts to €10,593,229 p.a.

Location / Market

- The properties are predominantly located in Bavaria (52%), one of the most prosperous German states; North Rhine-Westphalia (15%), the largest Federal State of Germany and home to major west German cities such as Dusseldorf, Cologne, Bonn and Dortmund; and Hesse (13%), a fast growing state which hosts Frankfurt, one of the European financial centres.

Sponsorship

- The portfolio has 85 borrower engagements, including experienced real estate companies, property developers and private individuals
- The loans benefit from a weighted average seasoning of 10.75 years, demonstrating the long term commitments of the borrowers

Current Status

- Interest paid sequentially (payable quarterly in arrears on Actual/360 basis on the Note Payment Date)
- Scheduled amortisation allocated 100% sequentially
- Principal repayments, final redemptions and asset release premium receipts are distributed as follows:
  - In respect of loans with a Day 1 LTV of above 70% will be allocated pro-rata; all loans with an Day 1 LTV of 70% and below will be allocated sequential
  - The pro-rata percentage is to be calculated on the outstanding balance post sequential payments
  - Conversion to 100% sequential if more than 15% of the mortgage loans (without double counting) have suffered a payment default since the issue date and/or if note holder of any rated class has sustained a principal loss on the relevant determination date
- 4.55 years weighted average remaining loan term to loan reset date, and 21.85 years weighted average remaining loan term to final maturity date
- 100% fixed rate loans with an average loan interest rate of 4.73%

Strengths

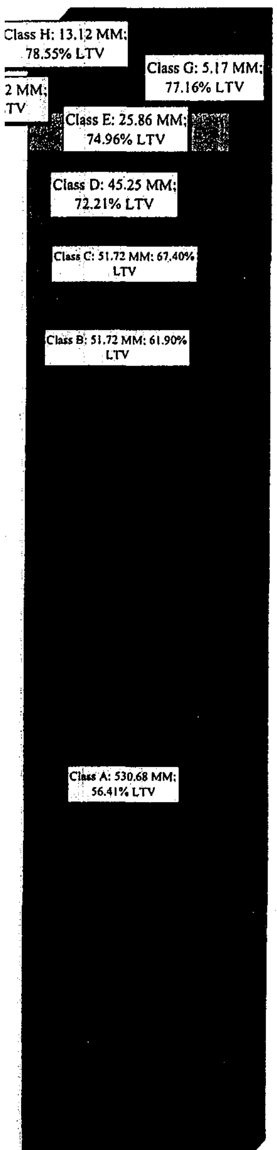
- The weighted-average current ICR is good at 2.28x, and the weighted-average DSCR at 1.84x.
- The reference pool is diverse in property types, including residential, mixed–use, office, and retail. All the properties are in Germany.
- The rental income from the underlying collateral is very granular including 570 commercial tenants (77.2% of the gross rent) and 2,900 residential tenants (22.8% of the gross rent). The largest tenant represents 14.3% of the gross rent and the top 10 tenants represent 44.0%.

Considerations

- 28% of the current pool balance has a current bank LTV ratio greater than 85.0%. Lehman's analysis of the pool at acquisition reflected the likelihood of default of the underlying loans given the total amount of indebtedness and the ability of the respective borrowers to service debt. The portfolio also benefits from a WA seasoning of 10.75 years
- Most of the borrowers are not structured as limited-purpose entities, as they are allowed, for example, to incur additional debt, or are individuals.
- None of the loans includes financial covenants related to ICRs, DSCRs, or LTV ratios. Only nonpayment triggers an event of default. This type of structure is quite common for small loan transactions in Germany.
- In some cases, the loans have been granted to a number of borrower entities and are backed by several properties. Therefore, the mortgage security arrangements are complex.

Green CMBS

ebt Stack (Fully Funded): €739.04 MM



FLOATING-RATE LOAN

Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV/LTC	Stab. LTV/LTC	Loan / Sqm (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Class A:	530,677,705	393,350,767	*56.4%*	*56.4%*	*731*	*15.11%*	*15.1%*	2.75x	2.75x
Class B:	51,719,596	49,554,090	*61.9%*	*61.9%*	*802*	*13.76%*	*13.8%*	2.50x	2.50x
Class C:	51,719,596	49,554,090	*67.4%*	*67.4%*	*873*	*12.64%*	*12.6%*	2.28x	2.28x
Class D:	45,254,646	43,359,829	*72.2%*	*72.2%*	*936*	*11.80%*	*11.8%*	2.09x	2.09x
Class E:	25,859,798	24,777,045	*75.0%*	*75.0%*	*971*	*11.37%*	*11.4%*	1.98x	1.98x
Class F:	15,515,879	14,866,227	*76.6%*	*76.6%*	*993*	*11.12%*	*11.1%*	1.91x	1.91x
Class G:	5,171,960	4,955,409	*77.2%*	*77.2%*	*1,000*	*11.04%*	*11.0%*	1.88x	1.88x
Class H:	13,119,074	13,119,074	*78.6%*	*78.6%*	*1,018*	*10.85%*	*10.8%*	1.88x	1.88x
Totals	**739,038,254**	**593,536,531**	***78.6%***	***78.6%***	***1,018***	***10.85%***	***10.85%***	***1.88x***	***1.88x***

Portfolio GREEN German CMBS GmbH

As of June 2008

Local Currency 1.00000 31-Aug-08

Retained Position Summary

	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
Class A	267,179,575	267,179,575	258,015,316	Apr-15	IO+AM	3 mth Euribor+0.45%
Class B	33,659,120	33,659,120	31,995,653	Apr-15	IO+AM	3 mth Euribor+0.65%
Class C	33,659,120	33,659,120	31,194,229	Apr-15	IO+AM	3 mth Euribor+1.00%
Class D	29,451,730	29,451,730	25,095,819	Apr-15	IO+AM	3 mth Euribor+1.75%
Class E	16,829,560	16,829,560	13,875,972	Apr-15	IO+AM	3 mth Euribor+3.50%
Class F	10,097,736	10,097,736	8,398,287	Apr-15	IO+AM	3 mth Euribor+5.00%
Class G	3,365,912	3,365,912	2,710,232	Apr-15	IO+AM	3 mth Euribor+6%
Class H	8,911,000	8,911,000	8,911,000	Apr-15	IO+AM	0.10%
Totals	403,153,754	403,153,754	380,196,509			

Class A Terms

Orig Bal	425,000,000	Coupon	3 mth Euribor+0.45%		Up-Front Reserves/Guaranty	nap
Current Funded	267,179,575	Spread		0.45%	*Capital (TI/LC, Capex)*	nap
Future Funding	$0	LIBOR Cap (*If applicable*)	nap		*Unfunded TI/LC*	nap
Fully Funded	267,179,575	Interest Payment Type	Floating		*Other*	nap
Maturity Date	Apr-15	Amortization	IO+AM		Guaranty	nap
Extended Maturity	Apr-50	Rate Type	3 mth Euribor		Cross-Collateralization	No
Extension Provisions						
Call Protection						
Comments						

Class B Terms

Orig Bal	40,000,000	Coupon	3 mth Euribor+0.65%		Up-Front Reserves/Guaranty	nap
Current Funded	33,659,120	Spread		0.65%	*Capital (TI/LC, Capex)*	nap
Future Funding	$0	LIBOR Cap (*If applicable*)	nap		*Unfunded TI/LC*	nap
Fully Funded	33,659,120	Interest Payment Type	Floating		*Other*	nap
Maturity Date	Apr-15	Amortization	IO+AM		Guaranty	nap
Extended Maturity	Apr-50	Rate Type	3 mth Euribor		Cross-Collateralization	No
Extension Provisions						
Call Protection						
Comments						

Class C Terms

Orig Bal	40,000,000	Coupon	3 mth Euribor+1.00%		Up-Front Reserves/Guaranty	nap
Current Funded	33,659,120	Spread		1.00%	*Capital (TI/LC, Capex)*	nap
Future Funding	$0	LIBOR Cap (*If applicable*)	nap		*Unfunded TI/LC*	nap
Fully Funded	33,659,120	Interest Payment Type	Floating		*Other*	nap
Maturity Date	Apr-15	Amortization	IO+AM		Guaranty	nap
Extended Maturity	Apr-50	Rate Type	3 mth Euribor		Cross-Collateralization	No
Extension Provisions						
Call Protection						
Comments						

Class D Terms

Orig Bal	35,000,000	Coupon	3 mth Euribor+1.75%		Up-Front Reserves/Guaranty	nap
Current Funded	29,451,730	Spread		1.75%	*Capital (TI/LC, Capex)*	nap
Future Funding	$0	LIBOR Cap (*If applicable*)	nap		*Unfunded TI/LC*	nap
Fully Funded	29,451,730	Interest Payment Type	Floating		*Other*	nap
Maturity Date	Apr-15	Amortization	IO+AM		Guaranty	nap
Extended Maturity	Apr-50	Rate Type	3 mth Euribor		Cross-Collateralization	No
Extension Provisions						
Call Protection						
Comments						

Class E Terms

Orig Bal	20,000,000	Coupon	3 mth Euribor+3.50%		Up-Front Reserves/Guaranty	nap
Current Funded	16,829,560	Spread		3.50%	*Capital (TI/LC, Capex)*	nap
Future Funding	$0	LIBOR Cap (*If applicable*)	nap		*Unfunded TI/LC*	nap
Fully Funded	16,829,560	Interest Payment Type	Floating		*Other*	nap
Maturity Date	Apr-15	Amortization	IO+AM		Guaranty	nap
Extended Maturity	Apr-50	Rate Type	3 mth Euribor		Cross-Collateralization	No
Extension Provisions						
Call Protection						
Comments						

Class F Terms

Orig Bal	12,000,000	Coupon	3 mth Euribor+5.00%		Up-Front Reserves/Guaranty	nap
Current Funded	10,097,736	Spread		5.00%	*Capital (TI/LC, Capex)*	nap
Future Funding	$0	LIBOR Cap (*If applicable*)	nap		*Unfunded TI/LC*	nap
Fully Funded	10,097,736	Interest Payment Type	Floating		*Other*	nap
Maturity Date	Apr-15	Amortization	IO+AM		Guaranty	nap
Extended Maturity	Apr-50	Rate Type	3 mth Euribor		Cross-Collateralization	No
Extension Provisions						
Call Protection						
Comments						

Orig Bal	4,000,000	Coupon	3 mth Euribor+6%		Up-Front Reserves/Guaranty	nap
Current Funded	3,365,912	Spread		6.00%	*Capital (TI/LC, Capex)*	nap
Future Funding	$0	LIBOR Cap (*If applicable*)	nap		*Unfunded TI/LC*	nap
Fully Funded	3,365,912	Interest Payment Type	Floating		*Other*	nap
Maturity Date	Apr-15	Amortization	IO+AM		Guaranty	nap
Extended Maturity	Apr-50	Rate Type	3 mth Euribor		Cross-Collateralization	No
Extension Provisions						
Call Protection						
Comments						

Class H Terms

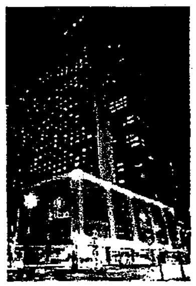
Orig Bal	8,911,000	Coupon		0.10%	Up-Front Reserves/Guaranty	nap
Current Funded	8,911,000	Spread		0.10%	*Capital (TI/LC, Capex)*	nap
Future Funding	$0	LIBOR Cap (*If applicable*)	nap		*Unfunded TI/LC*	nap
Fully Funded	8,911,000	Interest Payment Type	Fixed		*Other*	nap
Maturity Date	Apr-15	Amortization	IO+AM		Guaranty	nap
Extended Maturity	Apr-50	Rate Type	Fixed		Cross-Collateralization	No
Extension Provisions						
Call Protection						
Comments						

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

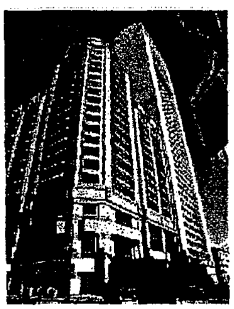
HILTON HOTELS CORPORATION


The Waldorf=Astoria

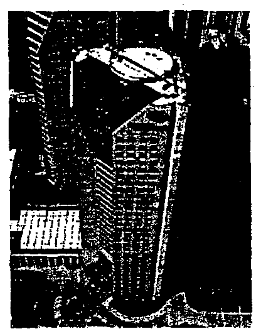

Hilton New York


Hilton Hawaiian Village


Hilton Waikoloa Village


Hilton San Francisco


Hilton Sydney


Hilton Sao Paolo


Hilton Chicago

THE BLACKSTONE GROUP

$1,202,741,625 WHOLE LOAN

Lehman Brothers was a member of a syndicate of banks that financed the acquisition of Hilton Hotels Corporation by The Blackstone Group.

Transaction Overview

- On July 3rd, 2007, Hilton Hotels Corporation ("Hilton" or the "Company") entered into a definite merger agreement with The Blackstone Group ("Blackstone" or the "Sponsor"), one of the largest global private equity investors and hotel owners in the world. Blackstone completed the acquisition of Hilton on October 24th, 2007. The purchase price was approximately $25.1 billion and the total acquisition cost including closing costs and capital reserves was $26.9 billion.
- Lehman Brothers, together with a syndicate of banks including Bear Stearns, Banc of America, Goldman Sachs, Deutsche Bank, Morgan Stanley, and Merrill Lynch, provided Blackstone with $20.6 billion of floating-rate cross-collateralized senior secured and mezzanine acquisition financing (the "Whole Loan" or the "Loan"). Post-closing, Hilton issued $500 million of unsecured parent level debt and simultaneously reduced the balance of the Loan to $20.1 billion.
- The Loan is currently structured with an $8.35 billion mortgage loan (the "Mortgage Loan") and $11.75 billion of mezzanine debt (bifurcated into 11 separate loan tranches, together, the "Mezzanine Loan"). Based on the appraised value of $27.8 billion as of October 2007, the Mortgage Loan is 31.4% LTV (32.5% LTC), and the Mezzanine Loan is 73.7% LTV (76.1% LTC).
- Lehman Brothers' pro-rata share of the original Loan was $1.545 billion (7.5%). Through 5/31/08, this balance was reduced to $1.203 billion through the syndication of a portion of its pro-rata share of the Mortgage and Mezzanine Loans, as well as through partial prepayments and recapitalizations. The LTV of the most subordinate mezzanine debt that Lehman Brothers holds as of 5/31/08 is 69.0% (71.3% LTC).

Sources and Uses (In $ MM)

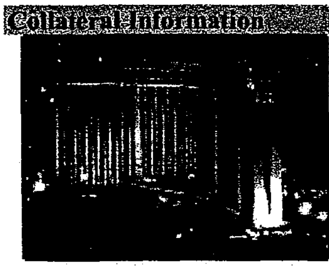
Sources	$ Amount	%	Uses	$ Amount	%
New Senior Mortgage	8,350	31.0%	Purchase of Common Stock	20,503	76.1%
New Mezzanine Debt	11,748	43.6%	Assumed Debt	674	2.5%
New Parent Level Debt	500	1.9%	Debt Repayment	3,962	14.7%
Assumed Parent Level Debt	272	1.0%	Less: Cash	(279)	-1.0%
Assumed JV Debt	402	1.5%	Closing Costs	1,190	4.4%
Revolver Drawn at Closing [1]	-	0.0%	Prefunded Capital [2]	882	3.3%
Equity [3]	5,660	21.0%			
Total	**26,932**	**100%**	**Total**	**26,932**	**100.0%**

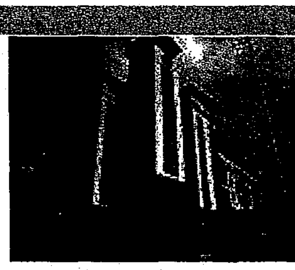
(1) At its option, Hilton may encumber certain Timeshare assets with a revolving credit facility with a max draw of $400 mm

(2) Includes $813 mm Prefunded Reserve (of which approximately $389 million remained as of 5/08 with an additional $75 mm moved to a separate waterfall reserve account) and $69 mm Working Capital as of closing.

(3) $4.4 bn was contributed by Blackstone and $1.3 bn was co-investment capital from strategic coinvestors.

Collateral Information





- The collateral for the Loan includes all of Hilton's assets, which consist of 38 owned hotels (approximately 21,989 rooms), 78 leased hotels (approximately 23,333 rooms) and 36 joint venture hotels (approximately 12,415 rooms), as well as the Company's hotel real estate fee segment (managed & franchised hotels, approximately 2,855 hotels / 446,709 rooms), timeshare assets and two office buildings.

$ in millions
HILTON COLLATERAL OVERVIEW

Segment	Properties	Rooms	TTM 3/31/08 NCF [2]
Hotel Real Estate Fee Segment	2,855	446,709	$931
Owned Hotels	38	21,989	494
Leased Hotels [3]	52	17,846	124
Joint Venture Hotels [4]	36	12,415	98
Timeshare Management Fees	33	3,838	29
Office Buildings	2	n/a	n/a
Other Income [5]	n/a	n/a	25
Less: Proforma Overhead	n/a	n/a	(180)
Total	**3,016**	**502,797**	**$1,521**

(1) Includes the total number of keys in the Joint Venture Hotels. Does not reflect Hilton's ratable share. Hilton's ratable share of rooms is 5,074.

(2) TTM NCF as of 3/31/2008 unless otherwise noted, excludes certain additional timeshare income.

(3) Property count, number of rooms and NCF excludes the 26 Leased Hotels with negative NCF (Schedule 8 Assets).

(4) Joint Venture NCF is before debt service.

(5) Proforma 2008 Other Income. It includes income from the Winsor Casino, purchasing, operating interest and other miscellaneous income.

- Hilton's owned hotels and leased hotels represent some of the largest, highest quality, irreplaceable hotels in the world and include such landmark assets as the Waldorf=Astoria (NY), New York Hilton, Hilton Hawaiian Village, Hilton Chicago and the Hilton Park Lane in London. The majority of Hilton's owned domestic properties are located in major CBD and resort markets with substantial barriers to entry.
- The collateral also includes the world-wide recognizability of the "Hilton Name" and control of its 8 brands (which include Hilton, Hampton Inn, Embassy Suites, Doubletree, Hilton Garden Inn, and Waldorf=Astoria among others). The strength of Hilton's brands is reflected in their average RevPAR penetration index of 116% across all brands as of March 2008. Also, there are over 8.1 million active Hilton Honors members who deliver over 40% of all room night demand across the Hilton system. Hilton's hotel real estate fee segment operates at nearly 100% margins (owners reimburse system costs via program fees) and requires virtually no capex.
- All future acquisitions of property by Hilton as well as new hotel real estate fee contracts (i.e., management and franchise agreements) of Hilton will also become collateral for the Loan

Investment Rationale

Blackstone believes that there is significant upside embedded in the collateral:

- Hilton's hotel real estate fee pipeline is its largest ever, with the company expecting to add approximately 140,000 rooms (approximately 1,000 hotels) over the next several years, whose management and franchise fees will become collateral for the Loan. Hilton brands account for approximately 22% of the domestic hotel development pipeline, more than double their current share of existing domestic room supply (approximately 9%).
- Blackstone may integrate up to 40 hotels with nearly 13,500 rooms into the Hilton system by entering into new management or franchise agreements with Hilton.
- Hilton's brands are under-represented internationally because Hilton International was a completely separate independent public company, and Hilton was subject to certain restrictions regarding the use of the Hilton brands outside of the U.S. Hilton purchased Hilton International in 2006, which substantially increased the Company's future international growth opportunities. Hilton has recently executed several multi-hotel development deals in countries such as India, Turkey, Poland and China, which will support strong international expansion.

- Franchise fees that were in-place as of closing have "mark to market" upside when contracts roll to current rates charged by Hilton for new franchise agreements. Also, the Company has significant pricing power to raise hotel real estate fees beyond the current level.
- Blackstone acquired Hilton's owned hotels at an estimated 40% discount to replacement cost and believes that there is significant upside potential through operating margin improvements. EBITDA margins at Hilton's owned hotels are amongst the lowest in the industry despite having larger assets, which should operate at higher EBITDA margins.
- Blackstone believes that a combination of margin improvement in the owned and leased hotels, recently announced international ventures, embedded upside in Hilton's Real Estate Fee segment (including mark to market and future increases of franchise fees) and contributions of assets by Blackstone and other strategic partners to the Hilton system (by entering into new management and franchise agreements with Hilton) could generate nearly $800 million of additional EBITDA without any additional improvement in RevPAR or any additional hotel real estate fee contracts signed.

Recent Performance Highlights

- Through March 2008, performance has exceeded budget and the Company is strong across all of its segments. As reported by Hilton, through the TTM period ending March 2008, owned and leased hotel same store EBITDA and hotel real estate fee segment EBITDA are up approximately 15% vs. the same period a year earlier.
- Company NCF has grown 20.6% from Year End 2006 to TTM March 2008, with strong growth coming from all segments of the business.
- EBITDA margins on Hilton's owned hotels have improved by over 100 basis points in approximately six months (from September 2007 through March 2008).
- Hilton's pipeline has grown from 116,008 rooms as of June 2007 to 141,075 rooms as of May 2008 (21.6% increase). Total managed and franchised rooms in the Hilton system grew by 32,062 rooms as rooms were delivered and removed from the pipeline. The combined system and pipeline grew by 57,129 rooms in less than a year. As of June 2008, Blackstone has integrated four of its own assets into the Hilton system by entering into new management or franchise agreements with Hilton.

Sponsorship

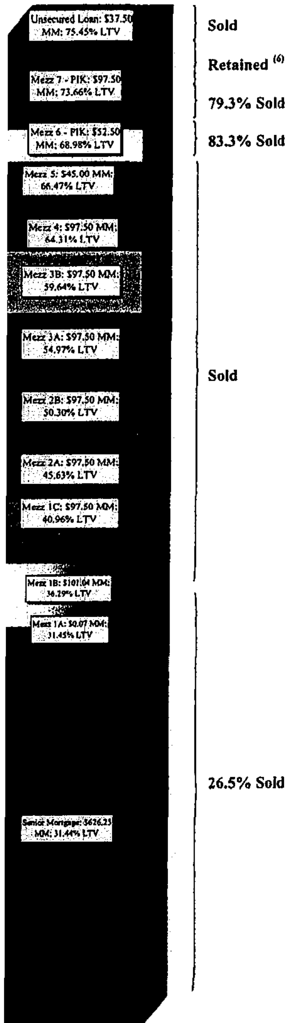
- Blackstone's real estate operation, established in 1992, is a global business located in New York, Chicago, Los Angeles, London, Paris, Mumbai, Tokyo, and Hong Kong. Blackstone is a world leader in real estate private equity investing, with six domestic and three non-U.S. real estate opportunity funds, as well as a real estate special situations fund focusing on non-controlling debt and equity investment opportunities in the public and private markets.
- Over the past 15 years, Blackstone has acquired interests in over 4,780 hotels comprising approximately 750,000 rooms (including franchised hotels) with a total acquisition cost of nearly $54 billion. Blackstone is one of the largest hotel owners in the world
- Blackstone invested approximately $4.4 billion of the total $5.7 billion in equity in the subject transaction, which represents Blackstone's largest equity commitment ever. The remaining $1.3 billion was co-investment capital from well known highly sophisticated investors (many of whom have significant lodging holdings that could be added to the Hilton system).

Loan Terms

- **Term:** The Loan has an initial term of 3 years with three one-year extensions.
- **Amortization:** The Loan is interest only for the first 3 years with amortization during the extension periods. During the extension periods, amortization will be calculated based on a 25-year schedule and the Whole Loan amount. All amortization payments are applied to the Mortgage Loan.
- **Interest Rate:** Weighted average rate of L+245 bps on the Whole Loan (including the parent-level unsecured debt). Coupons step on a weighted average basis by 25 bps in the second extension year and by an additional 50 bps in the third extension year.
- **Interest Rate Protection:** $5,149,559,280 of the Mortgage Loan is subject to an interest rate swap, which has a swap fixed rate equal to 4.3685%. The remaining Loan is subject to an interest rate cap with a strike price of 7.0%.
- **PIK:** Under limited circumstances, including that there is not enough cash flow and unallocated amounts in the Prefunded Reserve to make current payments of debt service, Blackstone may elect to pay interest on up to $2.0 billion of the most subordinate portion of Mezzanine Loan on a deferred basis by adding such interest to the principal amount which is the subject of such election. In no event may the accrued and deferred PIK interest exceed $400 million in the aggregate.
- **Prefunded Reserve:** $813,155,125 to be used for various purposes including capital expenditures, debt service and general corporate purposes, including purchasing hedging instruments.
- **Ringfence Structure:** Substantially all of the Company's owned hotels, leased hotels and joint venture hotels, hotel real estate fee contracts, as well as its intellectual property, were transferred into bankruptcy remote SPE's. In addition, the Hilton Honors program and the Hilton Reservation System lie within the Collateral ringfence structure.
- **Dividend Stopper:** The Loan provides for a dividend stopper, prohibiting Hilton from distributing any dividends (including but not limited to capital events) to direct or indirect owners subject to certain exceptions. Cash flow and proceeds from assets sales generally cannot be distributed by Hilton to its shareholders and instead are to be used to fund operations or future acquisitions.

IILTON HOTELS CORPORATION

bt Stack: $20,598.24 MM Total Lender Syndicate; $1,544.87 MM Lehman Brothers' Pro-Rata Share



FLOATING-RATE LOAN

Cap Structure	Total Lender Syndicate Original Loan Balance (1)	Lehman Brothers Original Loan Balance (1)	Lehman Brothers Available Balance as of 8/31/08(2)	LTV (3)	LTC (3)	In-Place Debt Yield (3)(4)	Stab. Debt Yield (3)	In-Place NCF DSCR (3)(4)(5)	Stab. NCF DSCR (3)(5)
Senior Mortgage: 26.5% Sold	$8,350,000,000	$626,249,995	$460,007,413	*31.4%*	*32.5%*	*17.4%*	*20.6%*	3.76x	4.44x
Mezz 1A: Sold	$1,000,000	$74,997	$0	*31.4%*	*32.5%*	*17.4%*	*20.6%*	3.76x	4.44x
Mezz 1B: Sold	$1,347,237,118	$101,042,783	$0	*36.3%*	*37.5%*	*15.1%*	*17.8%*	3.27x	3.87x
Mezz 1C: Sold	$1,300,000,000	$97,499,999	$0	*41.0%*	*42.3%*	*13.3%*	*15.8%*	2.85x	3.37x
Mezz 2A: Sold	$1,300,000,000	$97,499,999	$0	*45.6%*	*47.2%*	*12.0%*	*14.2%*	2.51x	2.97x
Mezz 2B: Sold	$1,300,000,000	$97,499,999	$0	*50.3%*	*52.0%*	*10.9%*	*12.9%*	2.23x	2.64x
Mezz 3A: Sold	$1,300,000,000	$97,499,999	$0	*55.0%*	*56.8%*	*9.9%*	*11.8%*	2.00x	2.36x
Mezz 3B: Sold	$1,300,000,000	$97,499,999	$0	*59.6%*	*61.6%*	*9.2%*	*10.8%*	1.80x	2.13x
Mezz 4: Sold	$1,300,000,000	$97,499,999	$0	*64.3%*	*66.5%*	*8.5%*	*10.1%*	1.64x	1.94x
Mezz 5: 83.3% Sold	$600,000,000	$45,000,005	$7,484,338	*66.5%*	*68.7%*	*8.2%*	*9.7%*	1.57x	1.85x
Mezz 6 - PIK: 79.3% Sold	$700,000,000	$52,500,001	$10,852,289	*69.0%*	*71.3%*	*7.9%*	*9.4%*	1.49x	1.76x
Mezz 7 - PIK: Retained (6)	$1,300,000,000	$97,499,999	$199,774,084	*73.7%*	*76.1%*	*7.4%*	*8.8%*	1.35x	1.60x
Unsecured Loan: Sold	$500,000,000	$37,499,996	$0	*75.5%*	*78.0%*	*7.2%*	*8.6%*	1.31x	1.55x
Totals	**$20,598,237,118**	**$1,544,867,772**	**$678,118,123**	***75.5%***	***78.0%***	***7.2%***	***8.6%***	***1.31x***	***1.55x***

Property Type	Hospitality
Location	Various
Occupancy	NAP
Total Units(7)	495,456 Room
Appraised Value (Oct-07)	$27,832,443,328
Total Capitalization (Oct-07)	$26,932,000,000
Total Debt - Syndicate	$20,598,237,118
Total Debt - Lehman Brothers	$1,544,867,772
Original Maturity	11/12/2010
Extended Maturity	11/12/2013

Notes

1. Reflects original funded balance and does not take into account approx. $25 million of paydowns and property releases that occurred since closing through 8/31/08.
Lender Syndicate includes Bear Stearns (funded 23.0% of original loan amount), Bank of America (18.2%), Goldman Sachs (18.2%), Deutsche Bank (18.2%), Morgan Stanley (7.5%), Merrill Lynch (7.5%), and Lehman Brothers (7.5%).
2. Reflects original funded amount less any partial prepayments through property releases and recapitalizations, as well as certain (partial) mortgage and mezzanine syndications through 8/31/08.
3. Includes approx. $402 million of assumed JV debt (based on Hilton's share of outstanding JV debt amount assumed as of closing).
4. In-Place Debt Yield and DSCRs are calculated off of an adjusted TTM 3/31/08 company NCF of $1.52 billion (which excludes Schedule 8 Asset NCF and Timeshare Operating Cash Flow).
5. Reflects a Swap agreement for approx. $5.15bn of the Mortgage at 4.369% and a LIBOR rate of 2.5% for the remaining loan amount.
Coupons step on average 25 bps in Yr. 5 and another 50 bps in Yr. 6. DSCRs shown above are calculated based on Yrs. 1 - 4 coupons.
6. The Lender Syndicate sold M7 in December 2007 to various investor groups including Lehman Private Equity, who purchased a $200 million position that is currently held on Lehman's Private Equity Balance Sh
7. Includes rooms from franchised and managed assets. For JV assets, reflects Hilton's ratable share of rooms.

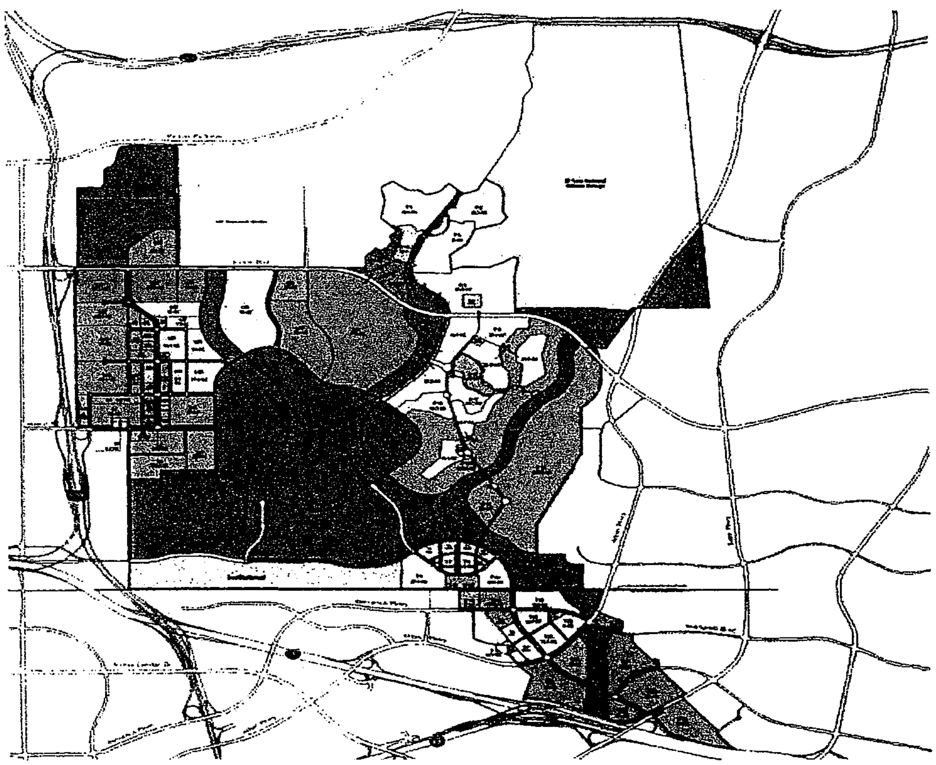
3rd Quarter 2008 Updates:

6/08: Lehman's available mortgage balance was reduced by approx. $39MM due to one syndicate lender opting out of a trade that had closed in May and the resulting re-allocation of proceeds.
7/08: The lender syndicate (with the exception of Bear Stearns) sold approx. $200M of Mezz 2 A, which resulted in a reduction of Lehman's available Mezz 2 A balance by approx. $19.5MM.
Bear Stearns removed from circulation its portion of the Loan (approx. $4.1bn of the syndicate's available balance) for at least one year.
As of 7/25, each syndicate lender (except for Bear Stearns - see above) separately engages in any syndication efforts of the mezzanine debt. A MOU governs the syndication of the mortgage loan for all of the syndicate lenders except for Bear Stearns.
8/08: Lehman sold its M1-M4 positions to GEM Realty and Northwood Investors.

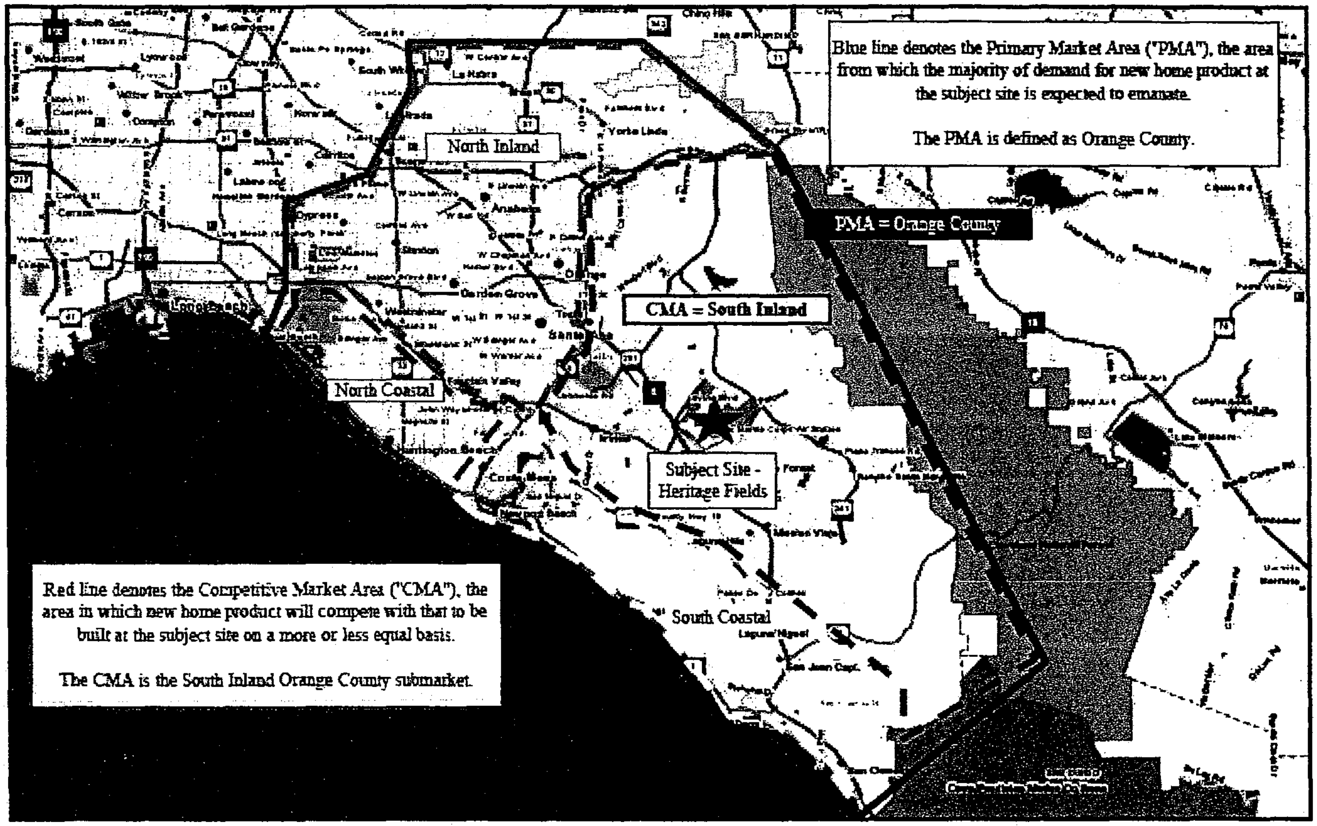
LEHMAN BROTHERS

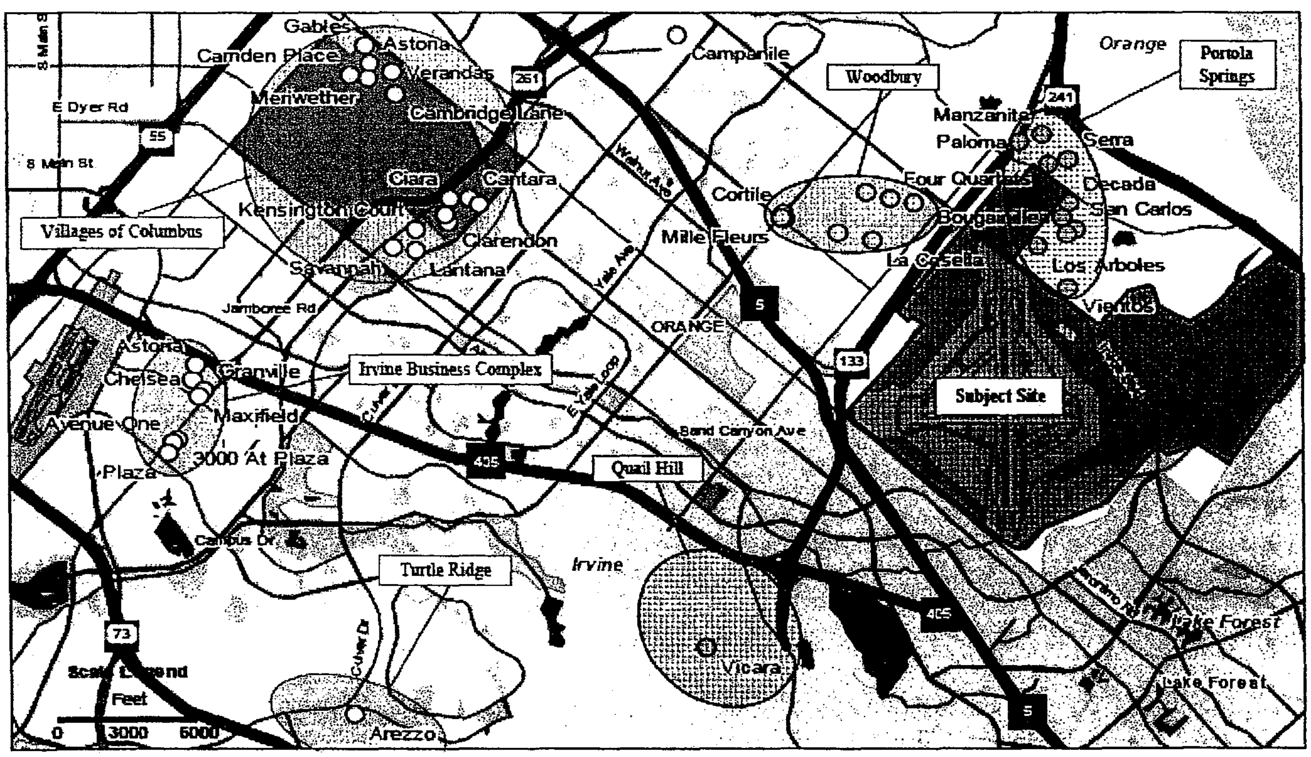
CONFIDENTIAL INFORMATION MEMORANDUM

HERITAGE FIELDS



IRVINE, CA


Blue line denotes the Primary Market Area ("PMA"), the area from which the majority of demand for new home product at the subject site is expected to emanate.
The PMA is defined as Orange County.
North Inland
PMA = Orange County
CMA = South Inland
North Coastal
Subject Site - Heritage Fields
Red line denotes the Competitive Market Area ("CMA"), the area in which new home product will compete with that to be built at the subject site on a more or less equal basis.
The CMA is the South Inland Orange County submarket.
South Coastal


Gables
Astona
Camden Place
Verandas
Meriwether
Cambridge Lane
Campanile
Woodbury
Orange
Portola Springs
Manzanita
Paloma
Serra
Ciara
Cantara
Kensington Court
Clarendon
Savannah
Lantana
Cortile
Mille Fleurs
Four Quarters
Bougainvillea
Decada
San Carlos
La Casella
Los Arboles
Vientos
Villages of Columbus
E Dyer Rd
Jamboree Rd
ORANGE
Astoria
Chelsea
Granville
Maxifield
Avenue One
Plaza
3000 At Plaza
Irvine Business Complex
Subject Site
Bake Canyon Ave
Quail Hill
Turtle Ridge
Irvine
Vicara
Lake Forest
Arezzo
Feet
0 3000 6000

LEHMAN BROTHERS Real Estate Group Heritage Fields

The loan was used for the acquisition of Heritage Fields, a master-planned development project (formerly Marine Corp Air Station El Toro) located in Irvine, California.

Transaction Overview

- Lehman Brothers originally originated a $500 million loan (the "Loan") in December 2005 that was amended to $775 million in May 2007.
- Secured by a first mortgage on the Property, the Acquisition and Development Loan has an initial commitment of $775 million and an additional $137.5 million that may be reborrowed one time after the original facility is paid down through property sales. The $775 million senior loan has a margin facility whereby the lender can request repayment based on LTV, as determined through a annual appraisal.
- The Loan Facility was provided by Lehman Brothers to Lennar Corporation and LNR Property Corporation, as the developer ("Lennar") and their capital partners which include Blackacre, Rockpoint and MSD Capital for the redevelopment of 2,300 acres located on the former Marine Corps Air Station El-Toro, located in Irvine, CA. The As-Is appraised value as of April 1, 2008 is $790 MM.

Sources and Uses as of 8/31/2008

Sources	
A-1 Note	$180,709,115
A-2 Note	$180,709,115
B-Note	$86,051,960
Reborrowing (A-1, A-2 and B)	$0
LBREM*	$86,051,960
Reborrowing (LBREM)*	$0
Sales Proceeds	$0
Sponsor Equity	$666,996,750
Total Sources	**$1,200,518,900**

Uses	
Land Acquisition	$650,873,054
LLC Infrastructure	$30,479,994
Joint (CFD) Infrastructure	$105,429
CFD Proceeds & Fees	$0
Other Hard Costs	$137,600
Soft Costs (Development, Entitlement, Planning, Etc)	$367,117,685
Financing Costs	$151,805,138
Total Uses	**$1,200,518,900**

**Lehman Brother Real Estate Mezzanine Fund*

Property Information

- The subject property encompasses the proposed Heritage Fields master-plan in the affluent Orange County. Heritage Fields represents the redevelopment of the former Marine Corps Air Station El Toro and generally located north of Interstate 5, south of Portola Parkway and Irvine Boulevard, west of Alton Parkway and east of Highway 133.
- Heritage Fields will consist primarily of residential, parks/recreation, golf course, and R&D land uses. Other non-residential elements are to include educational facilities, medical office, office, auto-center, retail, commercial, exposition, and agriculture. Also proposed are 4,895 residential units in a wide variety of products and including 4,291 market-rate and 604 non-market rate units.

Location / Market

- The property boasts an infill location, unparalleled access to the region's major commuter arteries (at the intersection of the I-5 and I-405) and unique amenities afforded by its proximity to the future 1,300 acre Orange County Great Park.
- PPR projects the county is projected to achieve annual job gains of 1.6% per annum (vs. 1.2% nationally) over the next four years, which will continue to fuel housing demand.

Sponsorship

- The Borrower entity is structured as a Limited Liability Company that is comprised 25% by the developer member (Lennar/LNR; the "Developer Member") and 75% by the capital member (Rockpoint, Blackacre, MSD Capital and a 50% co-investor vehicle that includes four state pension funds; the "Capital Member").

Current Status / Business Plan

- Upon initial closing in December 2005, the Project already had a signed Development Agreement with the City of Irvine and zoning approvals for all underwritten residential and commercial densities. This final "entitlement" risk has been mitigated with the Planning Commission's recent approval of the Project's Vesting Tentative Tract Map, which is the basis for the recent rate reset and facility upsizing discussions with the Borrower.
- In April 2008, the borrower was issued a margin call for $100 million which was used to pay down the A-1, A-2, B, and LBREM portions. As part of an agreement reducing the size of the margin call, the spread on the loan was widened by 110 basis points, and a 100% preference on future payments was established until the Loan is reduced to 50% LTV.
- From Closing through the present, the borrower has continued to progress through the process of designing a master planned community, including developing parks plans, water/sewer configurations, tax mapping, traffic planning, et cetera. The Project was split into three phases, and the first phase has submitted a grading plan and will commence moving dirt in October 2008.
- The developer does not plan to do any vertical work, and instead is creating superparcel sites for sale to secondary developers.

Strengths

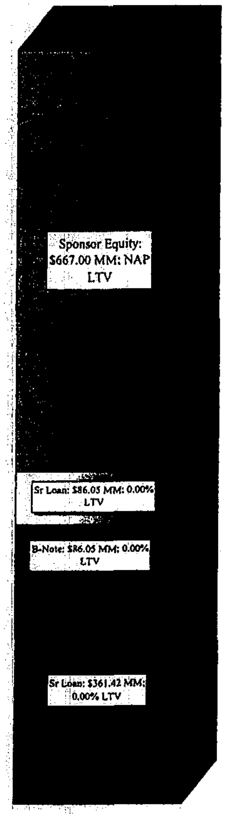
- Property was fully entitled at the time of closing, and had received all outstanding resource agency permits for the development.
- Moderating, but strong regional economic trends support an opportunity for substantial increases in equity value of overall project.
- Experienced sponsor Lennar Corporation is one of the nation's leading builders of quality homes. Lennar builds affordable, move-up and retirement homes in Communities that cater to almost any lifestyle. Lennar has substantial experience building communities in 17 states.

Considerations

- Softening in the Southern California housing market.
    - *Mitigant: Given the dearth of remaining developable land in northern Orange County, the Project's market is expected to increase its capture of total Orange County housing sales from 40% (historical) to 60% going forward, which should materially increase future homebuilder demand for the Project's lots. Property represents a prime in-fill Orange County location.*

Heritage Fields

Total Cap (Fully Funded): $667.00 MM



Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Total Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV	Loan / Unit (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Sr Loan	$361,418,230	$361,418,230	*45.7%*	*	*	*0.0%*	*$0*	*NAP*	*NAP*	*NAP*	*NAP*
B-Note	$86,051,960	$86,051,960	*56.6%*	*	*	*0.0%*	*$0*	*NAP*	*NAP*	*NAP*	*NAP*
Sr Loan: LBREM	$86,051,960	$86,051,960	*67.5%*	*	*	*0.0%*	*$0*	*NAP*	*NAP*	*NAP*	*NAP*
Sponsor Equity	$666,996,750	NA	*NAP*	$666,996,750	NA	*NAP*	*$136,261*	*NAP*	*NAP*	*NAP*	*NAP*
Totals	**$1,200,518,899**	**$533,522,149**	***67.5%***	**$666,996,750**	**$0**	***0.0%***	***$136,261***	***NAP***	***NAP***	***NAP***	***NAP***

Current balances as of 8/31/2008

Loan Details

Interest Rate L+435

Release Pricing 1) Pay 120% release price to loan; then, 100% to fund initial 12-mo./maintain ongoing 6-mo. Interest Holdback until LTV<50%; then, 100% to delever loan to lesser of 55%/50% LTC/LTV
2) Thereafter, 120% of Par

Future Funding 50% of future development dollars and subject to remaining Avail. Commitment (currently $285mm including $137mm max reborrowing capacity; $50mm semiannual commitment reducti begin 3/31/09); subject to existing development/revenue milestones. Additionally, Borrower may reborrow loan principal repaid from sales proceeds in the last tier of 1) under Release Pricing to cover its 50% share of future funding.

LTV Covenant 67% initial; reducing per max LTV schedule based on Borrower's 2008 business plan with 6 month revenue delay; ultimately reducing to 50% per original Loan terms

Extension Options Two, 12-month extensions avail for 0.375% fee apiece, at Borrower's option provided compliance with conditions including loan balance doesn't exceed lesser of 55% LTC / 50% LTV

Notes

Lender will notice Borrower prior to transfer/assignment of a controlling interest in the Loan without conferring any additional rights in favor of Borrower

Heritage Fields

As of June 2008

Retained Position Summary

	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
A-1	$180,709,115	$262,250,000		7/12/2011	NAP	
A-2	$180,709,115	$262,250,000		7/12/2011		
B Note	$86,051,960	$125,000,000		7/12/2011		
Total	$447,470,189		$418,041,031	NA	NAP	

A-1 Terms

Orig Bal	$212,483,143	**Coupon**	1 Mo Libor + Spread	**Up-Front Reserves/Guaranty**	No
Current Funded	$180,709,115	**Spread**	2%	***Capital (TI/LC, Capex)***	
Future Funding	$47,669,917	**LIBOR Cap** (*If applicable*)	NA	***Unfunded TI/LC***	
Fully Funded	$262,250,000	**Interest Payment Type**	Borrower pays	***Other***	
Maturity Date	7/12/2011	**Amortization**	NA	**Guaranty**	No
Extended Maturity	7/1/2013	**Rate Type**	Variable	**Cross-Collateralization**	No
Extension Provisions	0.375% Fee				
Call Protection	NA				
Comments					

A-2 Terms

Orig Bal	$212,483,143	**Coupon**	1 Mo Libor + Spread	**Up-Front Reserves/Guaranty**	No
Current Funded	$180,709,115	**Spread**	2%	***Capital (TI/LC, Capex)***	
Future Funding	$47,669,917	**LIBOR Cap** (*If applicable*)	NA	***Unfunded TI/LC***	
Fully Funded	$262,250,000	**Interest Payment Type**	Borrower pays	***Other***	
Maturity Date	7/12/2011	**Amortization**	NA	**Guaranty**	No
Extended Maturity	7/1/2013	**Rate Type**	Variable	**Cross-Collateralization**	No
Extension Provisions	0.375% Fee				
Call Protection	NA				
Comments					

B Note Terms

Orig Bal	$101,182,449	**Coupon**	1 Mo Libor + Spread	**Up-Front Reserves/Guaranty**	No
Current Funded	$86,051,960	**Spread**	7%	***Capital (TI/LC, Capex)***	
Future Funding	$22,819,008	**LIBOR Cap** (*If applicable*)	NA	***Unfunded TI/LC***	
Fully Funded	$125,000,000	**Interest Payment Type**	Borrower pays	***Other***	
Maturity Date	7/12/2011	**Amortization**	NA	**Guaranty**	No
Extended Maturity	7/1/2013	**Rate Type**	Variable	**Cross-Collateralization**	No
Extension Provisions	0.375% Fee				
Call Protection	NA				
Comments					

Heritage Fields

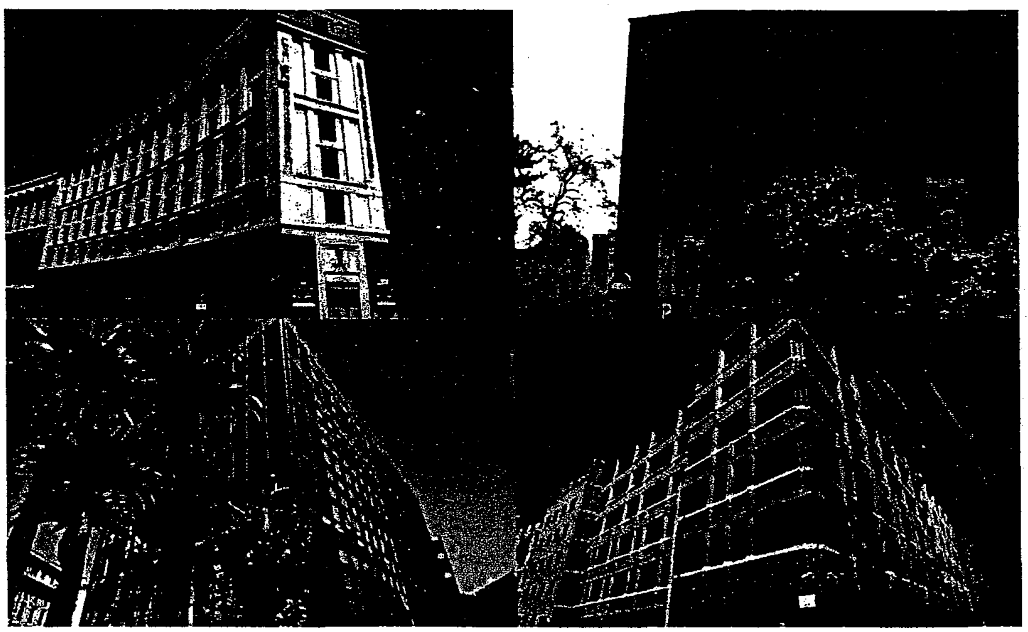
Property Information

Property Name	Heritage Fields	**Loan Purpose**	Acquisition and Development
Address	Irvine, CA	**Purchase Price**	
No. of Properties	1	**As-Is Appraised Value**	$790,000,000
Property Type	Land	**As-Is Appraised Value Date**	4/1/2008
Property Size	NA	**Stab. Appraised Value**	NAP
Year Built / Renovated	NA	**Stab. Appraised Value Date**	NAP
		In-Place NOI	NA
		In-Place NCF	NA
In-Place Occupancy	NA	**Stab. NOI**	NA
Occupancy Date	NA	**Stab. NCF**	NA
Market Occupancy	NA	**Cash Flow Date**	NA
Market Occupancy / Rents Date		**5 Yr Proforma NOI**	NA
#VALUE!	NA	***YE 2009***	NA
Market Rents	NA	***YE 2010***	NA
		YE 2011	NA
		YE 2012	NA
		YE 2013	NA

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

PROJECT CALVINO



ITALY

WHITEHALL REAL ESTATE FUNDS

$509,465,953 MEZZANINE LOAN

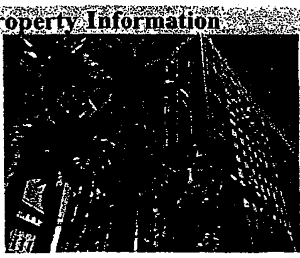
May, 2008

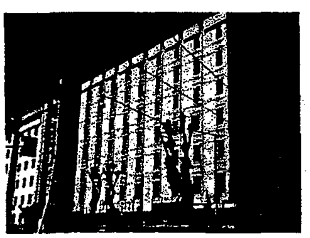
Lehman Brothers originated a Mezzanine Facility with contribution towards a high quality 372,468 sqm real estate portfolio located in Italy

Transaction Overview

- Lehman Brothers originated a $509,452,953 floating rate loan (the "Loan") in July 2007 to assist Whitehall in launching a tender offer at $1,418/unit to acquire 95% of the units in a listed Italian close-ended real estate fund, Berenice ("Fund"). The offer is conditional upon a 50% + one unit acceptance threshold in order to assure Whitehall of having control of the Fund. The offer has been recommended by Pirelli acting as asset manager for the fund.
- This Loan is in connection to the funding of the units acquisition price (and related closing costs). At Closing Date, the Sponsor Equity investment was equal to $278.3 mm ("Equity 1"). Upon the Fund Manager change, the Sponsor will fund an additional €15,7 mm to acquire 4% of the units sold by Pirelli ("Equity 2") as well as a severance payment in favor of Pirelli (as indemnity for its substitution) equal to $24.4 mm which will also be entirely equity funded by Sponsor ("Equity 3"). Total Sponsor Equity is therefore equal to $329.1 mm.
- The Fund has existing senior financing which will stay in place. Current balance is $646.8 mm (49.3% LTV on latest CBRE value)
- Lehman Brothers provided an acquisition facility for up to 70.0% of all in cost of the acquisition of the units that are successfully tendered for.
- **$77.7 million has been syndicated to a third party at 30 July 2008, reducing Lehman outstanding balance to $431.8 million.** Current LTV is at 90.2%[1].

Property Information






- The Berenice Fund is a private real estate investment trust specialized in offices. The Fund comprises 51 assets (lettable area of c.372,468 sqm) all of which are located in Italy (primarily major cities), with concentrations in by value in Rome (47%) and Milan (25%)
- The assets are mainly office buildings, of very high quality with 14% by appraised value leased to Telecom Italia which include switching equipment on long term leases (2021 + 6)

Tenancy

- The assets currently generate approx. $70.0m in rent p.a., but there is significant upside potential given that in place leases are below market (28% below market)
- Tenants include large corporates and international companies such as Telecom Italia (28.3% of total annual rent; rating: S&P BBB, Fitch BBB+, Moody's Baa2), Public Sector (9.8% of total annual rent; rating S&P A+, Fitch AA-, Moody's Aa2), Vodafone (6.4% of total annual rent; Rating S&P A-, Fitch A-, Moody's Baa1), as well as holding companies and other small businesses.

Location / Market

- The Calvino portfolio has significant exposure to the Rome (47% by value) and Milan (25% by value) and benefits, in large part, from trophy assets located in central and semi-central zones of main Italian cities.
- Both prime rent (EUR 400/sqm/year) and yield (5.25%) has remained stable in Rome over the course of 2007.
- Yield in Milan, however, has reportedly widened to 5.25% (from 4.75% in 2007) in Q1 2008.

#	Address	City	Province	Main Use	GLA	Passing rent	Vacancy
		—			Sqm	€	%
1	Viale Regina Margherita 279	Rome	Rome	Office	16,390	4,425,156	3.9%
2*	Via Bonnet 6A-8A-10A	Milan	Milan	Office	21,291	-	100.0%
3	Via Bissolati 76	Rome	Rome	Mixed Use	11,619	2,709,776	2.4%
4	Viale Milanofiori - Edif. 1F	Assago	Milan	Mixed Use	34,295	3,322,030	28.0%
5	Corso Italia 43	Rome	Rome	Office	14,231	3,354,931	0.0%
6	V.le Monza 259-263	Milan	Milan	Mixed Use	25,991	3,564,224	6.0%
7	Via Tomacelli 146	Rome	Rome	Mixed Use	7,324	1,937,732	7.6%
8	Via Pianciani 26	Rome	Rome	Office	11,709	2,427,632	0.0%
9	Via Vincenzo Lancia 55	Turin	Turin	TLC	28,680	2,401,907	0.0%
10	Via Sicilia 142 (162)	Rome	Rome	Office	5,608	2,460,539	0.0%
11	Via Tevere 50	Rome	Rome	Office	5,643	1,569,915	0.0%
12	Via Tazzoli 6	Milan	Milan	Mixed Use	6,650	1,419,138	7.9%
13	Via Paracelso 22/24/26	Agrate	Milano	Office	13,289	1,840,014	6.3%
14	Viale Sarca 222 (Edif. 307)	Milan	Milan	Mixed Use	7,069	1,822,779	0.0%
15	Via Jervis 11 - ICO Vecchia	Ivrea	Turin	Mixed Use	31,263	1,398,319	53.3%
16	Via Jervis 9-11 - Ico Nuova	Ivrea	Turin	Mixed Use	18,687	1,474,902	0.4%
17	Viale Sarca 222 (Edif. 67 MIRS)	Milan	Milan	Other	11,327	1,059,306	0.0%
18	Via R. Pereira 97	Rome	Rome	Office	3,510	815,104	0.0%
19	Via Watt 27	Milan	Milan	Office	5,863	715,883	7.1%
20	Via Feronia 96	Rome	Rome	TLC	4,861	521,564	0.0%
21 - 51	Various	Various	Various	Various	86,907	5,745,769	2.2%
Total					372,468	44,986,620	14.6%

Capital Structure

Sources and Uses					
Sources	USD	LTV	Uses	USD	PSM
Loan	$509,452,953	90.2%	Purchase Cost	$787,798,823	2,115
Equity	$278,345,870	N/A			
Total Sources	**$787,798,823**	**N/A**	**Total Uses**	**$787,798,823**	**2,115**

Sponsorship

- The Whitehall Funds are the primary real estate private equity investment vehicle for Goldman Sachs and are a series of opportunistic real estate funds sponsored and managed by Goldman Sachs. Since their inception in 1991, Goldman Sachs' Real Estate Principal Investment Area ("REPIA") has raised approximately $12 billion of equity in the Whitehall Funds

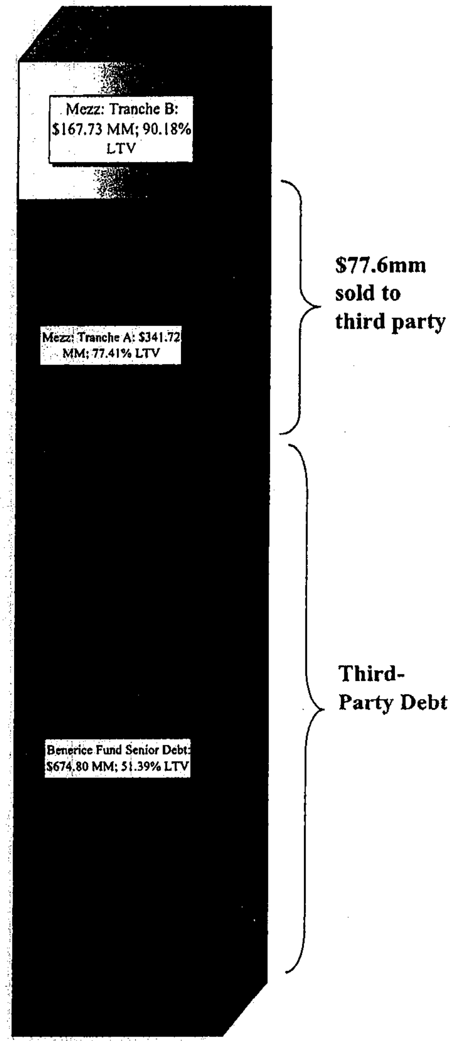
Loan Terms

- The Loan is floating rate interest only (with an interest of Euribor + margin) and has a term of 4 + 1 years (maturity date of 30 August 2012 assuming extension).
- The Loan will have a security over the Fund units and, to the extent permitted by applicable law, a floating charge over all the assets of the Borrower.
- The facility is currently bifurcated into a $341.7 million senior Tranche A and a $167.7 million junior Tranche B. As at 30 July 2008, Lehman has syndicated $77.7 million of Tranche A to a third party, reducing Lehman outstanding balance to $431.8 million.

[1] Based on value of $1,313.2 mm basing on latest appraised value from CBRE

Calvino

Debt Stack (Fully Funded): $1,184.25 MM



FLOATING-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Loan / Sqm (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Benerice Fund Senior Debt: Third Party Debt	$674,800,053	$0	*51.4%*	*$1,812*	*NA*	*NA*	*NA*	*NA*
Mezz: Tranche A: Partially Sold	$341,719,970	$264,056,340	*77.4%*	*$2,729*	*NA*	*NA*	*NA*	*NA*
Mezz: Tranche B:	$167,732,983	$167,732,983	*90.2%*	*$3,179*	*NA*	*NA*	*NA*	*NA*
Totals	**$1,184,253,006**	**$431,789,323**	*90.2%*	*$3,179*	*NA*	*NA*	*NA*	*NA*

Property Type	Office	
Location	All across, Italy	
Occupancy	86.00%	
Total Units	372,468 Sqm	
As-Is Appraised Value (Jun-07)	$1,313,198,779	*$3,526 / Sqm*
Total Debt (Fully Funded)	$1,184,253,006	*$3,179 / Sqm*
Original Maturity	8/30/2011	
Extended Maturity	8/30/2012	

Notes

1. This loan has an initial term of 4 Years with 1-Year extension options

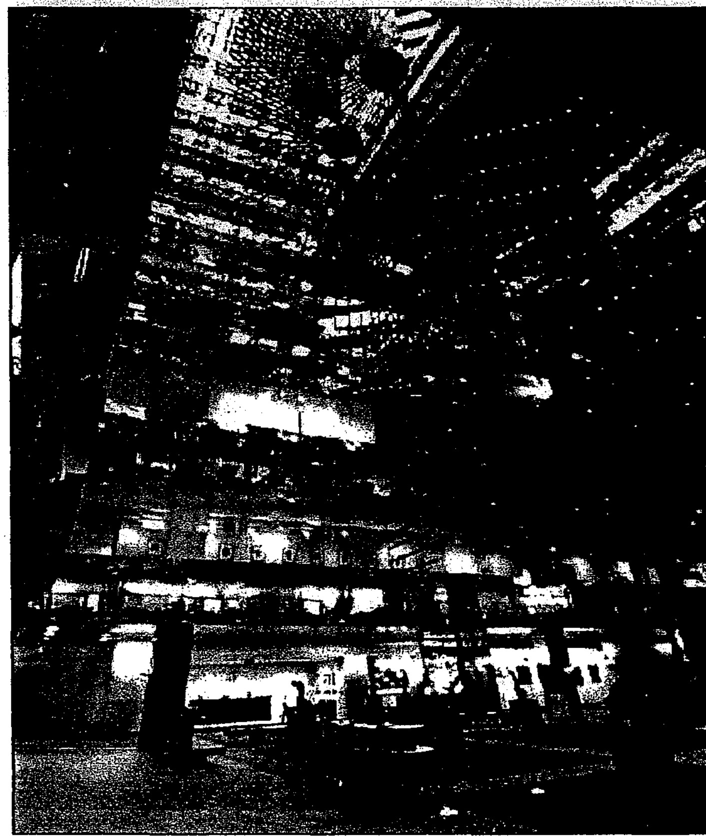
2. No info available for Senior Debt at fund level

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

237 PARK AVENUE

NEW YORK, NY 10017



Rockefeller Center
St Patrick's Cathedral
Saks Fifth Avenue
Rockefeller Plaza
Lexington Ave 53rd St [E,V]
51st St [4,6,6X]
Waldorf-Astoria Hotel
5th Ave [7,7X]
Grand Central Terminal
Grand Central 42nd St [4,5, 5X,6,6X,GS]
Grand Central [7,7X]
Dag Hammarskjold Plaza
United Nations Headquarters
Madison Ave
Park Ave
Lexington Ave
Vanderbilt Ave
3rd Ave
2nd Ave
1st Ave
5th Ave
Little Brazil St
Mitchell Pl
E 42nd St
E 43rd St
E 44th St
E 45th St
E 46th St
E 47th St
E 48th St
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W 48th St
W 49th St
W 50th St
W 51st St

Lehman Brothers financed the acquisition of 237 Park Avenue, a 1,183,371 square foot, 21-story Class A office building located in New York, New York.

Transaction Overview

- Lehman Brothers originated a $900,000,000 fixed rate loan ("Fixed Rate Loan") in May 2007, split into a $419,600,000 A Note (securitized), a $255,400,000 B-Note (Sold) and a $225,000,000 Mezzanine Loan .
- The A/B-Note and Mezzanine Loans' proceeds were used by Broadway Real Estate Partners to acquire 237 Park Avenue (the "Property"). Additionally, Lehman provided approximately $303 MM of subordinate bridge mezz debt ("Bridge Mezz").

Sources & Uses (Aug 08)						
Sources		**LTC**	**PSF**	**Uses**		**PSF**
Mortgage - Securitized	419,600,000	*30.50%*	*$355*	Purchase Price	1,183,822,954	*$1,000*
B - Note	255,400,000	*49.06%*	*$570*	Transaction Costs	83,715,341	*$71*
Asset Level Senior Mezz	225,000,000	*65.42%*	*$761*	Reserves - Real Estate Taxes	7,011,719	*$6*
				Reserves - TI/LC	20,000,000	*$17*
Bridge Mezz A Retained	196,183,963	*88.42%*	*$1,023*	Reserves - Perm Debt Int.	28,500,000	*$24*
Bridge Mezz B Retained	107,514,501	*88.42%*	*$1,023*	Accrued Interest	12,804,852	*$11*
Accrued Bridge Mezz A Retained	7,449,169	*88.42%*	*$1,023*	Net Paydowns of Reserves/Bridge Mezz	39,923,450	*$34*
Accrued Bridge Mezz B Retained	5,355,683	*88.42%*	*$1,023*			
Bway REIT Equity	159,275,000	*100.00%*	*$1,163*			
Totals	**1,375,778,316**		**$1,163**	**Totals**	**1,375,778,316**	**$1,163**

Property Information

- 237 Park Avenue is a 1,183,371 SF, 21-story, Class A office building located in Midtown Manhattan, New York. The Property features exceptional floor plate flexibility which attracts both smaller users and larger multi-floor users with extensive and unique infrastructure amenities, and has immediate access to all retail amenities.
- The Property is distinguished by a soaring, sky-lit, atrium lobby, and is one of Manhattan's few atrium-designed towers, with abundant natural light filling the interior building core. The floor plates, designed around the atrium, contain nearly twice the amount of window space as conventionally designed buildings, allowing tenants the ability to put individual office or conference room space on the Property's interior core and still have exposure to ample natural light.

Location / Market

- The Property is one of the premier office buildings in the Park Avenue, Plaza district of Midtown Manhattan, possibly New York City's strongest office sub-market. It occupies the entire block-front between 45th and 46th streets and is easily accessible to Grand Central Terminal.
- The Property is located two blocks from Grand Central Terminal with unparalleled access to Manhattan's vast transportation network. In addition, a mid-block pedestrian walkway runs along the west side of the Property, which directs a high volume of pedestrian traffic along more than 8,000 SF of prime ground-level retail space and provides convenient access to and from Park Avenue and the MetLife Building's entrance to Grand Central Terminal. The Property has an additional 200 feet of retail frontage on Lexington Avenue. Transportation to the area is provided by Metro North, the 4, 5 and 6 subways and the cross-town Shuttle and 7 subways giving access to Times Square and the Port Authority bus terminal.

Sponsorship

- Broadway Partners, founded in 1999, is a private real estate investment and management firm headquartered in New York City. The firm invests in high quality office properties in select markets nationwide, including Washington D.C., New York, Connecticut, California, Florida, Michigan, Massachusetts, Illinois, and Pennsylvania. Since 2000, Broadway Partners has acquired office assets with a value in excess of $15.0 billion.

Current Status / Business Plan

- The Property is currently 98.3% occupied by 27 tenants, with a weighted average lease term is 21.5 years and a weighted average remaining lease term of 7.3 years.
- The Property's average in-place gross office rent is $53.96 PSF, which is approximately 45% below the market rental rate of $99.01/SF per Costar Q2 2008. Average retail rental rates at the Property are $81.95 PSF, also 45% below the average appraisal market retail rate of $149.06 PSF.
- 157,787 SF or 13.0% of the leases rollover by the end of 2010, which have weighted annual rents of $53.42 PSF, 46% below Plaza submarket rents.
- Over the next 9 years it is anticipated that approximately $85 MM will be spent in leasing and capital costs, which includes $5 MM in building infrastructure. The cost will be funded from a combination of reserves and the unfunded $60 MM Junior Mezzanine loan.
- The business plan is to roll the current below-market leases to market rents as well as utilize the re-measured square feet, which would increase the NRA to 1,259,887 SF as tenants roll, representing an additional 75,516 SF of net rentable area.
- The Property has the potential to add an additional 800,000 SF of NRA on top of the current structure through a zoning lot merger and acquisition of air rights. This addition rights are s in a preliminary stage and not accounted for in value, but could offer a significant development opportunity.

Strengths

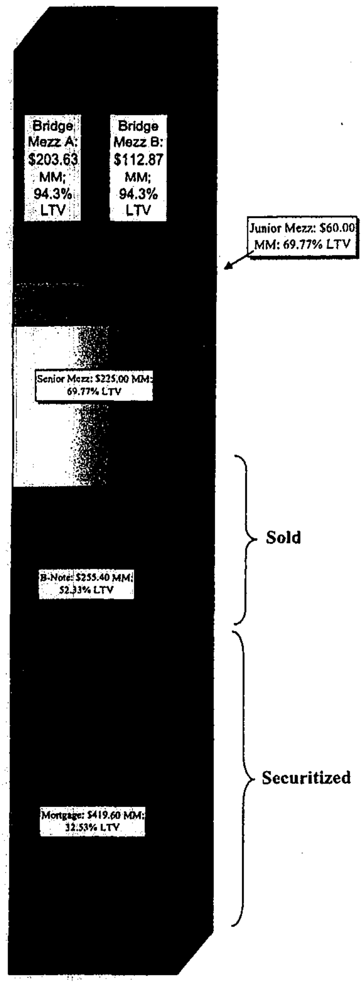
- Given the long-term attractiveness of the Park Avenue, Plaza sub-market, coupled with the long term growth dynamics of Manhattan, the Property offers significant upside via rolling rents to market as leases expire over the next several years. The roll to market and re-measurement of the building combined with Broadway's capital plan is projected to increase the NOI by 40% over the next 5 years.
- Approximately 70% of tenants at the Property are on long-term leases with contractual rent bumps, providing financial stability and increasing revenue while the business plan is executed.
- The Bridge Mezz was recently modified and extended until May of 2012. In conjunction with the modification the Sponsor contributed approximately $100 million of additional equity.
- The Bridge Mezz currently has a $75 million principal guaranty provided by Broadway Fund Manager, LLC and the general partner of Broadway Real Estate Partners Fund II, L.P. and Broadway Real Estate Partners Fund III, L.P.

Considerations

- The Property will generate minimal income growth until 2009 due to limited rollover.
  - *Mitigant:* The in-place gross rents, office and retail, are approximately 45% below market. It is anticipated by releasing space through 2013 that the NOI will increase to approximately $61 million.
- There is low coverage at the Property, with a DSCR below 1.0x.
  - *Mitigant:* Reserves combined with the credit facility are available to cover costs for the duration of the loan term. Current reserve balances are in excess of $40 million. The $60 million credit facility can be drawn for interest shortfalls, leasing costs and capital expenditures.

237 Park Avenue - Cap Stack

ebt Stack (Fully Funded): $1,276.50 MM



Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV/LTC	Total Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV/LTC	Loan / SF (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Mortgage: Securitized	$419,600,000	$0	*32.5%*	$419,600,000	$0	*32.5%*	*$355*	*9.65%*	*16.1%*	1.52x	2.53x
B-Note: Sold	$255,400,000	$0	*52.3%*	$255,400,000	$0	*52.3%*	*$570*	*6.00%*	*10.0%*	0.96x	1.60x
Senior Mezz:	$225,000,000	$225,000,000	*69.8%*	$225,000,000	$0	*69.8%*	*$761*	*4.50%*	*7.5%*	0.72x	1.20x
Junior Mezz:	$0	$0	*69.8%*	$60,000,000	$60,000,000	*74.4%*	*$811*	*NAP*	*NAP*	*NAP*	*NAP*
Bridge Mezz A:	$203,633,132	$203,633,132	*94.3%*	$203,633,132	$203,633,132	*99.0%*	*$1,079*	*NAP*	*NAP*	*NAP*	*NAP*
Bridge Mezz B:	$112,870,184	$112,870,184	*94.3%*	$112,870,184	$112,870,184	*99.0%*	*$1,079*	*NAP*	*NAP*	*NAP*	*NAP*
Totals	**$1,216,503,316**	**$541,503,316**	***94.3%***	**$1,276,503,316**	**$376,503,316**	***99.0%***	***$1,079***	***NAP***	***NAP***	***NAP***	***NAP***

Notes

1. The Bridge Mezz tranches are pari-passu with respect to all sums due there under (includes acrrued balances as of 5/31/2008). The bridge mezz matures on 5/11/2012

2. In-Place Debt Yield is based on Current Funded balance and In-Place NCF. Stabilized Debt Yield is based on Fully Funded balance and Stabilized NCF

3. There is a $60MM unfunded Junior Mezz facility for debt service and TI/LC shortfalls. The Junior Mezz facility has a 5-year term with 5, 1-year extensions, and bears an interest rate of L+350. The current pay component is L+150 and the remainder (L+200) accrues and is payable at maturity

237 Park Avenue

As of June 2008

Retained Position Summary	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
Senior Mezz	225,000,000	225,000,000	225,000,000	6/11/2017	NAP	6.2%
Junior Mezz	0	60,000,000	60,000,000	6/11/2017	NAP	L+350
Bridge Mezz A 1	203,633,132	203,633,132	203,633,132	6/11/2017	NAP	12.0%
Bridge Mezz B 1	112,870,184	112,870,184	112,870,184	6/11/2017	NAP	12.0%
Totals	541,503,316	601,503,316	601,503,316			-

A Note (Securitized)

Orig Bal	$419,000,000	Coupon	6.2741%	Up-Front Reserves/Guaranty	
Current Funded	$419,000,000	Spread	NAP	*Capital (TI/LC, Capex)*	$15,237,536
Future Funding	$0	LIBOR Cap *(If applicable)*	NAP	*Unfunded TI/LC*	$7,656,444
Fully Funded	$419,000,000	Interest Payment Type		*Other*	$4,783,392
Fully Funded	6/11/2017	Amortization	None	Guaranty	NAP
Extended Maturity	NAP	Rate Type	Fix	Cross-Collateralization	NAP
Extension Provisions	NAP				

Call Protection Yield Maintenance permitted two years after July 19, 2009. Prepayment without penalty permitted three months prior to maturity date.

Comments

B Note (Sold)

Orig Bal	$255,400,000	Coupon	6.2741%	Up-Front Reserves/Guaranty	
Current Funded	$255,400,000	Spread	NAP	*Capital (TI/LC, Capex)*	$0
Future Funding	$0	LIBOR Cap *(If applicable)*	NAP	*Unfunded TI/LC*	$0
Fully Funded	$255,400,000	Interest Payment Type		*Other*	$0
Maturity Date	6/11/2017	Amortization	None	Guaranty	NAP
Extended Maturity	NAP	Rate Type	Fix	Cross-Collateralization	NAP
Extension Provisions	NAP				

Call Protection Yield Maintenance permitted two years after July 19, 2009. Prepayment without penalty permitted three months prior to maturity date.

Comments

Senior Mezz Terms

Orig Bal	$225,000,000	Coupon	6.1725%	Up-Front Reserves/Guaranty	
Current Funded	$225,000,000	Spread	NAP	*Capital (TI/LC, Capex)*	$0
Future Funding	$0	LIBOR Cap *(If applicable)*	NAP	*Unfunded TI/LC*	$0
Fully Funded	$225,000,000	Interest Payment Type		*Other*	$0
Maturity Date	6/11/2017	Amortization	None	Guaranty	NAP
Extended Maturity	NAP	Rate Type	Fix	Cross-Collateralization	NAP
Extension Provisions	NAP				

Call Protection Yield Maintenance permitted two years after July 19, 2009. Prepayment without penalty permitted three months prior to maturity date.

Comments

Junior Mezz Terms

Orig Bal	$60,000,000	Coupon		Up-Front Reserves/Guaranty	
Current Funded	$0	Spread	3.5000%	*Capital (TI/LC, Capex)*	$0
Future Funding	$60,000,000	LIBOR Cap *(If applicable)*	NAP	*Unfunded TI/LC*	$0
Fully Funded	$60,000,000	Interest Payment Type		*Other*	$0
Maturity Date	6/11/2012	Amortization	None	Guaranty	NAP
Extended Maturity	6/11/2017	Rate Type	Floating	Cross-Collateralization	NAP
Extension Provisions	NAP				

Call Protection

Comments

Bridge Mezz A1 Terms

Orig Bal	$225,000,000	Coupon	12.0000%	Up-Front Reserves/Guaranty	
Current Funded	$225,000,000	Spread	NAP	*Capital (TI/LC, Capex)*	$0
Future Funding	$0	LIBOR Cap *(If applicable)*	NAP	*Unfunded TI/LC*	$0
Fully Funded	$225,000,000	Interest Payment Type		*Other*	$0
Maturity Date	6/11/2017	Amortization	None	Guaranty	Yes
Extended Maturity	NAP	Rate Type	Fix	Cross-Collateralization	NAP
Extension Provisions	NAP				

Call Protection Freely Prepayable subject 0.25% Exit Fee

Comments Bridge Mezz accrues at 12% to the extent not available from cash flow. The Bridge Mezz currently has a $75 million principal guaranty provided by Broadway Fund Manager, LLC and the general partner of Broadway Real Estate Partners Fund II, L.P. and Broadway Real Estate Partners Fund III, L.P.

Bridge Mezz B 1 Terms

Orig Bal	$225,000,000	Coupon	12.0000%	Up-Front Reserves/Guaranty	
Current Funded	$225,000,000	Spread	NAP	*Capital (TI/LC, Capex)*	$0
Future Funding	$0	LIBOR Cap *(If applicable)*	NAP	*Unfunded TI/LC*	$0
Fully Funded	$225,000,000	Interest Payment Type		*Other*	$0
Maturity Date	6/11/2017	Amortization	None	Guaranty	Yes
Extended Maturity	NAP	Rate Type	Fix	Cross-Collateralization	NAP
Extension Provisions	NAP				

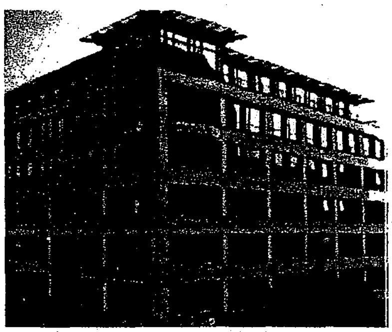
Call Protection Freely Prepayable subject 0.25% Exit Fee

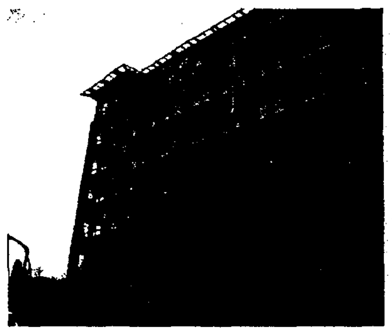
Comments Bridge Mezz accrues at 12% to the extent not available from cash flow. The Bridge Mezz currently has a $75 million principal guaranty provided by Broadway Fund Manager, LLC and the general partner of Broadway Real Estate Partners Fund II, L.P. and Broadway Real Estate Partners Fund III, L.P.

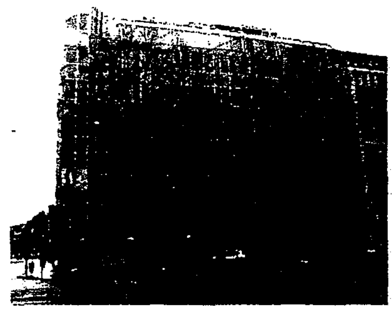
LEHMAN BROTHERS

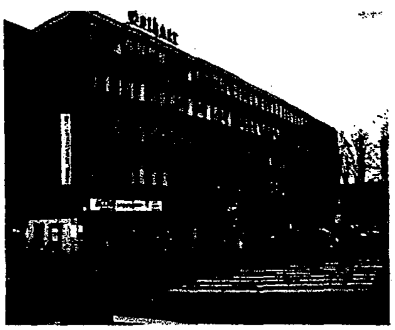
CONFIDENTIAL INFORMATION MEMORANDUM

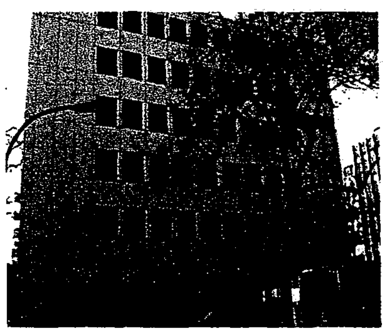
GOODWATER PORTFOLIO





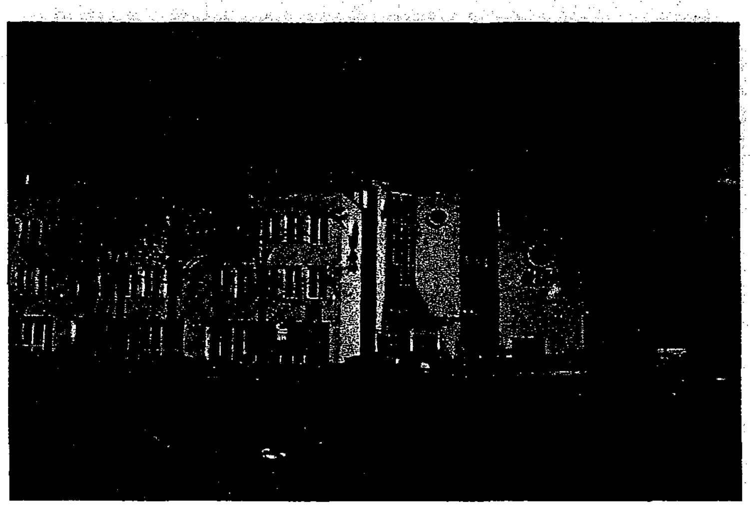


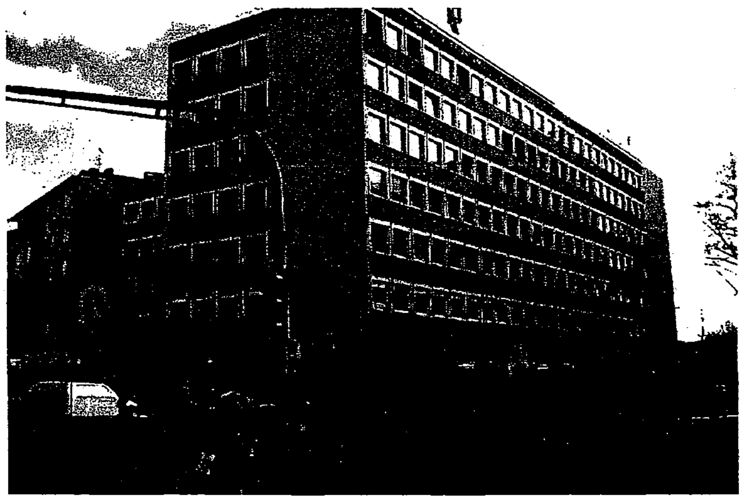




NATIONWIDE, GERMANY

Lehman Brothers Real Estate Partners II & ATOS Capital





Lehman Brothers financed LBREP II and ATOS Capital in their acquisition of the Goodwater Portfolio, comprising 86 predominantly office buildings located throughout Germany.

Transaction Overview

- Lehman Brothers originated a €280,190,000 senior loan in April 2007 to assist the Sponsors, Lehman Brothers Real Estate Partners II (LBREP) and its JV partner ATOS Capital, in the acquisition of the Goodwater and Advantage portfolios, initially comprising 87 predominantly office properties located across Germany, totaling ca 249,000 square meters of lettable area.

Sources & Uses											
	Balance as of Aug 08			Committed				Balance as of Aug 08		Committed	
Sources		LTC	PSM		LTC	PSF	Uses		PSM		PSM
Senior Loan	273,431,789	*83.4%*	*1,096 €*	273,431,789	*83.4%*	*1,096 €*	Purchase Price	303,700,000	*1,217 €*	303,700,000	*1,217 €*
Borrower Equity	47,710,000	*97.9%*	*1,287 €*	47,710,000	*97.9%*	*1,287 €*	Closing Costs	24,200,000	*97 €*	24,200,000	*97 €*
Net Cash Flow	6,758,211	*100.0%*	*1,314 €*	6,758,211	*100.0%*	*1,314 €*					
Totals	327,900,000		1,314 €	327,900,000		1,314 €	Totals	327,900,000	1,314 €	327,900,000	1,314 €

Property Information

- The portfolio currently consists of 86 properties located mainly throughout West Germany. The current portfolio vacancy is 27%. The net rent of the portfolio is €20,932,852 and the gross potential rent is €27,778,000. The weighted average lease length is 2.43 years and there are 1,005 unique tenants.
- The following summarizes the Top 10 Properties:

ID	Location	Address	Region	Sector	Building Age	Size (Sqm)	Property Value	NOI	Occupancy
79	München	Efnerplatz	Bavaria	Office	1990	4,178	18,910,000	154,714	0%
21	Düsseldorf	Graf-Adolf-Str. 35, Ecker Berliner Allee	North Rhine-Westphalia	Office	1989	6,365	18,370,000	631,652	78%
27	Frankfurt/M	Eschersheimer Landstraße 10	Hessen	Office	1972	5,602	12,620,000	414,985	31%
48	Köln	Wiener Platz 4	North Rhine-Westphalia	Office	1967	7,851	12,120,000	465,495	93%
46	Köln	Heumarkt 1 / Pipinstraße 16 / Lichhof 10-12 / Vor St. Martin 1	North Rhine-Westphalia	Retail	1965	8,728	11,740,000	782,136	95%
87	Berlin	Wittenbergplatz 1	Berlin	Other	1966	3,167	10,600,000	371,363	74%
37	Göttingen	Weender Str. 80/82	Lower Saxony	Office	1975	6,175	10,280,000	485,113	85%
62	Stuttgart	Johannesstr.39-45	Baden-Württemberg	Retail	1956	6,726	9,670,000	342,740	100%
38	Hamburg	Katharinenstraße 23 - 25	Hamburg	Office	1957	4,728	8,900,000	675,095	72%
82	Nürnberg	Am Plärrer 11 - 15 / Feuerweg 8	Bavaria	Office	1988	4,818	7,870,000	349,200	95%

- The largest asset in the portfolio by value is located in Munich. The property was built in the 1990's and is comprised of a three storey building. Effnerplatz is centrally located in the upscale district of Bogenhausen and is in close proximity to Arabella Park. The property was let to a single tenant, Alpha Klinik a specialist clinic, and is now rented to Heidelberg Klinik for a new 15 year lease term. Munich is Germany's third largest city. The city has a population of 1.3 million people and an unemployment rate of 8.3% (German average is 9.7). The city's economy is a blend of old and new, with the main industries being the old automobile industry and the new being the influx of media and biotechnology firms.
- The second largest asset is located in Duesseldorf. The property was built in 1989 and is comprised of a six storey commercial building located on the corner of Graf-Adolf Strasse and Berliner Allee, both being highly frequented multilane roads into the city centre of Duesseldorf. The connection to public transport is favourable as the site is only two stops away from the main train station and in close proximity of several tram and bus stops. The property has a large underground parking garage with access from the Berliner Allee. Overall the property is in good condition. The top three tenants in terms of rental income are Bundesversicherungsanstalt (39.9%), Reuters AG (21.8%) and Dr. Peter Kozlowski (14.1%). Duesseldorf is the capital of the Federal State of North Rhine-Westphalia, located in the mid-west of Germany and serves as one economic centres of Germany. The city accommodates various Dax companies such as E.ON, ThyssenKrupp and Henkel.
- The third largest asset is located in Frankfurt. The property was built in 1972, is comprised of a 14 storey modern high-rise office building in a central location of Frankfurt. The inner city subway station "Eschersheimer Tor" is within walking distance of the property. The inner city location is dominated by numerous office blocks, retail units and some residential housing. The site offers underground parking accessible from Eschersheimer Landstrasse. The building is in overall good condition. The top three tenants in terms of rental income are Colt-Telecom Frankfurt (35%), Superfund Asset Management (27.4%) and Guenter Wetzel (15.2%). Frankfurt am Main is financial and service centre of global importance and is home to more than 300 national and international banks, including the German Bundesbank and the European Central Bank.

Location / Market

- Strong asset location within their respective micro-locations with the majority being located in central-CBD and pedestrian (retail high street) areas in well-know and sizable cities such as Düsseldorf, Cologne, Munich, Hamburg and Frankfurt.
- Whilst a large part of the Portfolio is in secondary cities such as Karlsruhe, Darmstadt, Essen and Saarbrücken, these cities generally benefit from lower rent volatility given the absence of speculative development in such markets and thus only offer limited future supply.
- The commercial property cycle in Germany lags behind Europe by two years and yields are still comparatively high. German properties have failed to re-rate on the way up and therefore offer some protection on the way down, showing relative value versus the rest of Europe. The market fears property values to decline, but analysis of implied yields suggest little downside risk at present given the potential for rental growth and increasing occupancy.

Sponsorship

- Lehman Brothers Real Estate Partners II ("LBREP II") makes direct private equity investments in properties, real estate companies and service businesses ancillary to the real estate industry primarily in North America, Europe and Asia, as well as in other international markets. Investments are typically structured as property ownership, joint ventures, mortgage interests and investments in debt and equity, with a target size between $10 million and $100 million per transaction.
- ATOS is an experienced Hamburg based asset manager with a proven track record across Germany.

Current Status / Business Plan

- While the structure of the Properties has been generally well maintained, the assets in the Portfolio suffered from the absence of professional management. Tenant space has often been neglected by the seller. Utilizing ATOS's property management expertise, the goal is to achieve better tenant retention and to implement a robust property management over the next 12-18 months. Total capital expenditures and tenant improvements carried out year-to-date amounted to approximately €900,000. The resulting budget for 2008 includes capital expenditures of approximately €8.3 million
- The exit game plan has been revised during the Reporting Period to take into account the prevailing market conditions. The failure of the two portfolio exit projects for the residential properties ("Carmen") and 10 selected commercial assets ("Core Portfolio") has added to the number of single asset sales. This makes the overall exit process more cumbersome which has lead to a shift of sales from 2008 into 2009.

Strengths

- Highly diversified Portfolio of 89 mixed use assets, located predominantly in West-Germany. The biggest asset is located in Duesseldorf and accounts for 5.6% of the Portfolio value.
- The Portfolio is inherently diverse by lot size, location, number of tenants, value creation opportunity and proposed exit strategy.
- The Portfolio has good letting flexibility and upside to improve cashflow significantly. The Seller has not managed the assets actively and the Sponsor is incentivised to further fund tenant improvements and Capex to improve occupancy levels.

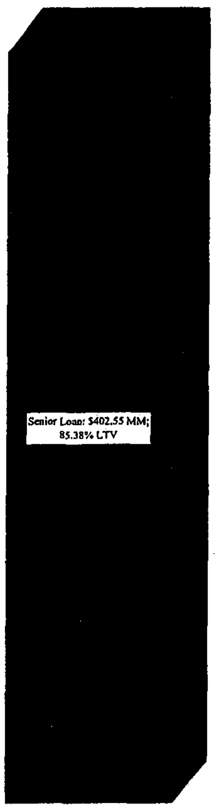
Considerations

- The day-one occupancy is 77.2%. The vacancy is concentrated in several buildings (16 properties account for c. 60% of total vacancy) which have been very poorly managed by the seller. The Sponsors plan to focus asset management attention on these properties and have accounted for necessary TI's and marketing/incentive expenses. The Business Plan foresees a lease up to 92% in year four.
- 27.3% of the portfolio income has a potential lease expiration or break during the first twelve months. An interest shortfall reserve of €5,000,000 is in place to mitigate any lease expiration risk.

Goodwater

Debt Stack (Fully Funded): $402.55 MM

Senior Loan: $402.55 MM; 85.38% LTV



FIXED-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	Available Balance (Current Funded)	As-Is LTV	Loan / square meters (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior Loan:	$402,554,483	$402,554,483	*85.4%*	*$1,613*	*6.40%*	*6.4%*	1.08x	1.08x
Totals	**$402,554,483**	**$402,554,483**	***85.4%***	***$1,613***	***6.40%***	***6.40%***	***1.08x***	***1.08x***

Goodwater

As of June 2008

Retained Position Summary

	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
Senior	€ 273,431,789	€ 273,431,789	€ 250,059,452	7/15/2011	Interest-Only	5.82% / 0.95%
Totals	€ 273,431,789	€ 273,431,789	€ 250,059,452			-

Senior Terms

Orig Bal	€ 280,190,000	**Coupon**	5.82%	**Up-Front Reserves/Guaranty**	€ 5,000,000
Current Funded	€ 273,431,789	**Spread**	0.95%	***Capital (TI/LC, Capex)***	nap
Future Funding	€ 0	**LIBOR Cap** (*If applicable*)	nap	***Unfunded TI/LC***	nap
Fully Funded	€ 273,431,789	**Interest Payment Type**	Quarterly	***Other***	nap
Maturity Date	7/15/2011	**Amortization**	Interest-Only	**Guaranty**	No
Extended Maturity	7/15/2013	**Rate Type**	Fixed	**Cross-Collateralization**	No
Extension Provisions	Usual - no default, etc.				

Call Protection

Comments

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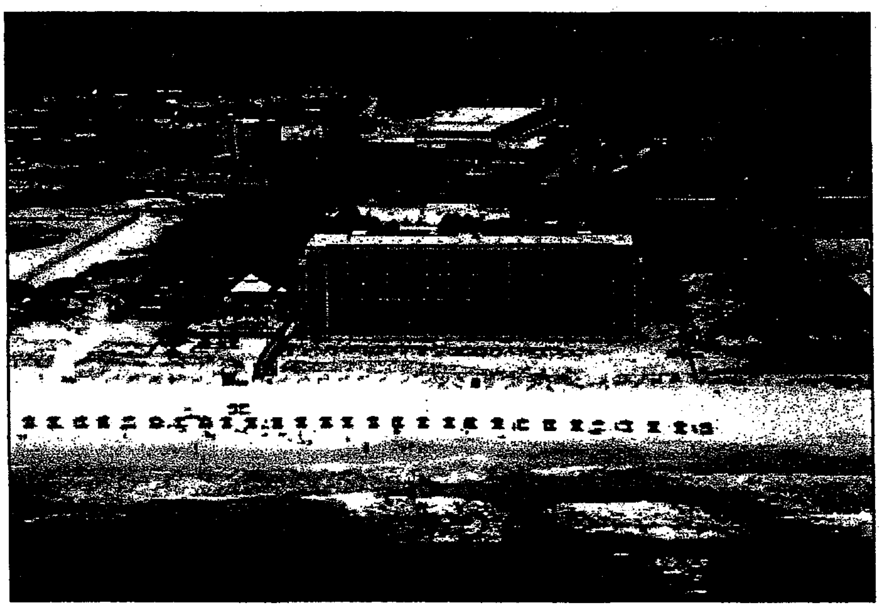
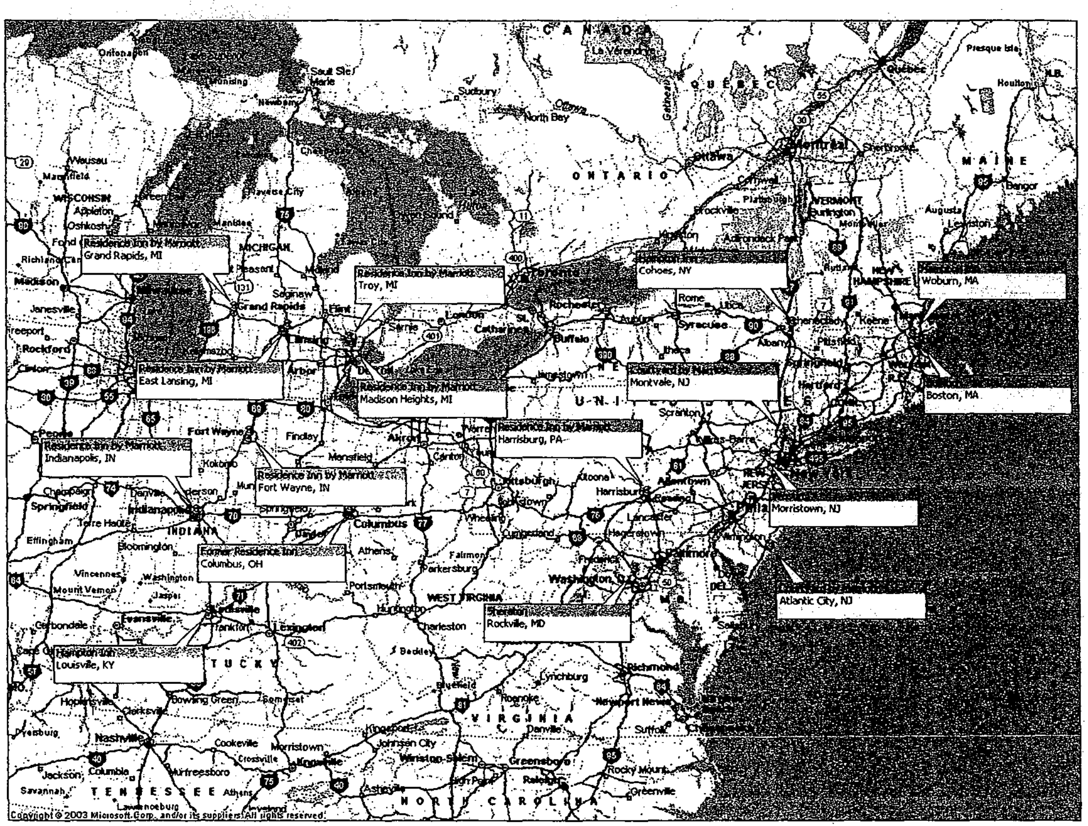
CONFIDENTIAL INFORMATION MEMORANDUM

INNKEEPERS HOTEL PORTFOLIO



VARIOUS LOCATIONS


Residence Inn by Marriott
Grand Rapids, MI
Residence Inn by Marriott
Troy, MI
Cohoes, NY
Woburn, MA
Residence Inn by Marriott
East Lansing, MI
Residence Inn by Marriott
Madison Heights, MI
Montvale, NJ
Boston, MA
Residence Inn by Marriott
Harrisburg, PA
Residence Inn by Marriott
Indianapolis, IN
Residence Inn by Marriott
Fort Wayne, IN
Morristown, NJ
Former Residence Inn
Columbus, OH
Atlantic City, NJ
Sheraton
Rockville, MD
Hampton Inn
Louisville, KY
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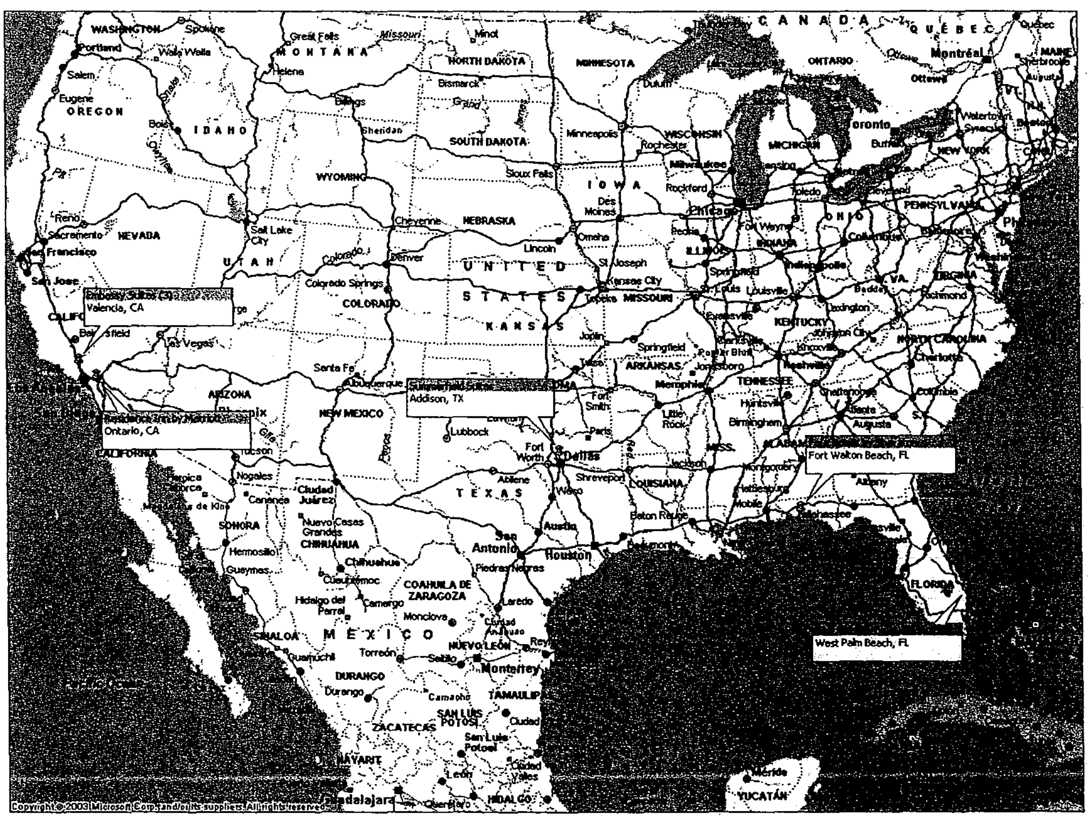
Valencia, CA
Addison, TX
Residence Inn by Marriott
Ontario, CA
Fort Walton Beach, FL
West Palm Beach, FL
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Lehman Brothers · Real Estate Group · Innkeepers Hotel Portfolio

Lehman Brothers financed the acquisition of 21 hotel properties comprised of 2,859 keys, located throughout the U.S.

Transaction Overview

- Lehman Brothers provided 21 special purpose affiliates of Apollo Investment Corporation (the "Sponsor" or "Borrower") with a $355,192,879 floating-rate whole loan (the "Whole Loan") secured by a portfolio of nine upscale extended-stay hotels (1,013 rooms), seven upscale full-service hotels (1,220 rooms) and five mid-scale hotels (626 rooms) for a total of 2,859 rooms at 21 properties (the "Properties", "Hotels" or the "Portfolio").
- The Whole Loan is bifurcated into a $241,523,494 floating rate first mortgage loan (the "Mortgage Loan") and a floating-rate $113,669,385 mezzanine loan (the "Mezzanine Loan").
- The Mezzanine Loan was originated in connection with the Sponsor's acquisition of all the outstanding shares of Innkeepers USA in June of 2007. The total transaction cost was $1.8bn and included 76 hotels in total.

Sources & Uses at Close

Sources		LTC	Per Key	Uses		Per Key
Mortgage Loan	250,000,000	*54.28%*	*82,891*	Allocated Purchase Price	365,009,942	*$121,025*
Mezzanine Loan	117,658,725	*79.82%*	*121,903*	Capital Expenditures [2]	42,194,000	*$13,990*
Apollo Equity	57,858,319	*92.38%*	*141,087*	Allocated Closing Costs [3]	53,391,098	*$17,703*
Other Equity Sources [1]	35,077,996	*100.00%*	*152,717*			
Totals	**460,595,040**		**$152,717**	**Totals**	**460,595,040**	**$152,717**

Note: Sources and Uses is from the closing of the financing and does not take into account the subsequent release of the 64-key Residence Inn Wichita, KS or the 93-key former Hampton Inn Tallahassee, FL. Accordingly, per key amounts are based on the Portfolio's total key count as of closing of 3,016.

1) Other Equity Sources includes existing preferred stock, Marriott key money, etc.

2) Capital Expenditure is in the form of a Sponsor Guaranty.

3) Closing cost allocations estimated by Lehman Brothers and include the Sponsor's debt service guaranty of $11.3M.

Property Information

- Collateral for the loans includes 21 hotels containing a total of 2,859 rooms. The Properties were constructed from 1961-2008, with an average year built of 1988. The majority of the Properties has recently been constructed or upgraded or is currently undergoing renovation.

Property Name	City, State	Rooms	Year Built	2007 Occupancy	2007 ADR	2007 RevPar	2007 YE NCF (Incl. 5% FF&E)	2008 Reforecast NCF (Incl. 5% FF&E)
Westin	Morristown, NJ	224	1965	60.1%	$197.10	$118.39	$2,128,166	$3,041,929
Four Points by Sheraton	Fort Walton Beach, FL	216	1961	67.6%	$128.72	$87.00	$1,987,766	$2,440,899
Residence Inn by Marriott	Ontario, CA	200	1986	78.7%	$108.52	$85.43	$2,394,908	$2,501,609
Courtyard by Marriott [1]	Montvale, NJ	190	2007	48.5%	$146.66	$71.17	$597,030	$2,219,266
Sheraton	Rockville, MD	154	2006	50.6%	$140.71	$71.22	$711,799	$1,563,964
Courtyard by Marriott [2]	Atlantic City, NJ	206	2008	NAP	NAP	NAP	$13,046	$673,521
Embassy Suites [3]	Valencia, CA	150	2007	24.7%	$125.17	$30.92	($92,077)	$1,248,044
Hampton Inn	Louisville, KY	173	1971	73.3%	$113.90	$83.50	$2,197,424	$2,387,551
Residence Inn by Marriott [4]	Harrisburg, PA	122	1988	80.4%	$122.38	$98.40	$1,119,507	$1,786,581
Bulfinch	Boston, MA	80	2004	65.4%	$164.40	$107.60	$867,109	$1,191,761
Residence Inn by Marriott	Troy, MI	152	1985	68.5%	$98.70	$67.57	$1,222,019	$1,066,792
Summerfield Suites	Addison, TX	132	1996	78.7%	$86.25	$67.92	$816,387	$872,019
Hampton Inn [5]	Cohoes, NY	126	1990	66.3%	$96.81	$64.17	$910,578	$935,476
Best Western	West Palm Beach, FL	135	1986	55.3%	$89.48	$49.49	$327,979	$326,938
Hampton Inn	Woburn, MA	99	1990	68.8%	$100.82	$69.36	$539,426	$565,393
Residence Inn by Marriott	Madison Heights, MI	96	1985	63.1%	$99.50	$62.76	$408,393	$396,031
Residence Inn by Marriott [6]	Grand Rapids, MI	96	1984	69.8%	$94.76	$66.17	$583,155	$492,697
Residence Inn by Marriott [6]	Indianapolis, IN	88	1984	71.4%	$95.11	$67.90	$590,614	$492,793
Residence Inn by Marriott [6]	Fort Wayne, IN	80	1985	72.8%	$98.90	$71.98	$627,153	$702,540
Former Residence Inn [7]	Columbus, OH	80	1986	74.6%	$91.93	$68.56	$394,560	$62,044
Residence Inn by Marriott [6]	East Lansing, MI	60	1984	78.2%	$99.45	$77.79	$460,819	$483,154
Total/Weighted Average (8)		**2,859**	**1988**	**64.5%**	**$120.11**	**$76.03**	**$18,805,759**	**$25,451,001**

(1) Courtyard by Marriot Montvale opened June 2007.

(2) Courtyard by Marriot Atlantic City opened late-May 2008.

(3) Embassy Suites Valencia, CA opened October 2007.

(4) 42 room addition to Residence Inn Harrisburg completed February 2008.

(5) Hampton Inn Cohoes, NY is scheduled to lose its flag on 12/31/2010. $15,000/key reflagging guarantee is in-place.

(6) These Residence Inns are scheduled to lose their flag between 2008-2010. The Sponsor intends to sell the assets before they lose their flags. The East Lansing asset is under contract for sale as of August 2008.

(7) Residence Inn Columbus, OH lost its Marriott flag as of 3/31/2008. This asset is under contract for sale as of August 2008.

(8) The Portfolio's occupancy, ADR and RevPARs are weighted based on available rooms and exclude the Atlantic City asset.

Location / Market

- The Portfolio is located in 12 states; 29.7% of the loan balance is situated in New Jersey, 15.1% in California, and 12.1% in Florida. The remaining 9 states (i.e., Michigan, Maryland, Massachusetts, Kentucky, Pennsylvania, Texas, Indiana, New York, and Ohio) each account for less than 10% of the loan balance.
- The Properties are generally well-situated within their respective market areas with convenient access to business, cultural and entertainment attractions, as well as regional and local transportation hubs.

Sponsorship and Management

- The Innkeepers Portfolio Borrowers are indirect subsidiaries of Grand Prix Acquisition Trust, a REIT subsidiary of the ultimate Sponsor, Apollo Investment Corporation.
- Apollo Investment Corporation ("Apollo") (NASDAQ: AINV) was founded in 1990, Apollo is a leading provider of subordinated debt and equity capital to middle-market companies. Apollo has invested more than $14 billion in over 150 different companies since the Firm's founding.
- The Portfolio, with the exception of the Four Points Fort Walton Beach property, is managed by its original management team, Island Hospitality. Island Hospitality operated as Innkeepers Hospitality prior to the Apollo acquisition. Founded in 1986 by Jeffrey Fisher, it was the nation's leading owner of upscale extended-stay hotel properties. It currently manages 75 hotels in 21 states and the District of Columbia. The Four Points Fort Walton Beach is managed by Dimension Development, a third-party manager that manages a portfolio of approximately 38 properties across the country.

Current Status / Business Plan

- New Development: The Portfolio includes three assets that were completing construction as of the closing of the financing (Courtyard Montvale, opened June 2007; Embassy Valencia, opened October 2007; and Courtyard Atlantic City, opened May 2008) and one asset that was undergoing a 42-room expansion project (Residence Inn Harrisburg; completed February 2008). The Sponsor provided a completion guaranty for these Properties as well as an $11.3 million guaranty to cover interest shortfalls during the initial months of operations (an estimated $8.3 million in shortfalls have been covered by the guaranty). As of August 2008, all of the assets are open. The Sponsor is currently focused on the operational ramp up of these properties, as well as that of the Sheraton Rockville, which opened in late 2006. The Whole Loan DSCR for the TTM July reached 1.38x and is anticipated to further increase through stabilization of these recently developed/expanded assets.
- Divestitures: The Sponsor plans to sell four Residence Inn properties (Indianapolis, East Lansing, Ft. Wayne, and Grand Rapids) that are scheduled to be removed from the Marriott system between 2008 and year-end 2010, as well as the former Residence Inn Columbus East, which was removed from the Marriott system in March 2008. These assets together represent 7.1% of the Whole Loan balance and are considered non-strategic to the overall Portfolio. The Residence Inn East Lansing and the former Residence Inn Columbus East are under contract for sale as of August 2008. Except for Columbus East, the Borrower is required the either sell or rebrand these assets within 45 days of the date the flag is removed. For Columbus East, the Borrower agreed to prepay the loan by half of 105% of the asset's allocated loan amount by September 30 2008, and the balance by year-end 2008. The Hampton Inn Cohoes which represents 2.9% of the Whole Loan balance is anticipated to lose its flag before the loan's final maturity. The Sponsor has provided a guaranty of $15,000/key for this property to cover the estimated cost to rebrand the asset (included in the capital improvements guaranty referenced below). The Sponsor has sold two assets since the closing of the financing; the 64-unit Residence Inn Wichita East (September 2007) and the 93-unit former Hampton Inn Tallahassee (August 2008), which resulted in a partial prepayment of the Whole Loan of $12,465,846 (representing 105% of each asset's allocated loan amount). The current Whole Loan balance reflects the release of these two properties.
- Capital Improvements: The Sponsor is completing significant refurbishments at the remaining Portfolio through 2011, a majority of which is franchisor-mandated. At closing, the cost to complete the renovation work was estimated at $18.1 million, and the Sponsor provided a guaranty covering such cost. Since closing, the cost to complete the franchisor-mandated renovation work has increased, primarily due to higher than anticipated labor costs. As of early September 2008, Lehman has resized the Sponsor guaranty to $30.2 million (which is not adjusted for costs of items that have already been completed) as provided for under the Mortgage loan agreement.
- Performance Update: The Portfolio has performed well since the acquisition, with YE 2007 NCF up 18.4% year-over-year, to $18.8mm. For the July 2008 YTD period, the Portfolio's NCF is up 33.0% compared to the same period a year earlier. Excluding construction/expansion assets and the former Residence Inn Columbus East, which is anticipated to be sold, the Portfolio exhibited same store growth of 7.5% for the July 2008 YTD period, compared to the same period a year earlier. Based on July 2008 TTM STR Reports, the Portfolio (excluding newly-constructed Atlantic City, but including Valencia (data since Oct-07 opening)) had an occupancy rate of 66.6% yielding a 103.0% occupancy penetration. The ADR and RevPAR for the Portfolio were $120.40 and $79.13 resulting in an ADR and RevPAR penetration of 106.8% and 105.8%, respectively.

Strengths

- The recently constructed and expanded properties, along with the continued ramp-up of Rockville and Harrisburg, are expected to add considerable value to the Portfolio, helping increase the Portfolio's NCF by approximately 35% year-over-year, per the Borrower's 2008 Reforecast as of June 2008.
- The Portfolio benefits from strong Sponsorship by Apollo Investment Corporation and experienced management by Island Hospitality and Dimension Development (Ft. Walton Beach).

Considerations

- The Residence Inn-affiliated assets included in the Portfolio were built in the 1980s (known as Generation 1 Residence Inns).
    - *Mitigant*: The Sponsor will be divesting of several of the Residence Inn assets in the Portfolio. The remaining Generation 1 Residence Inns are undergoing significant franchisor-mandated renovations the costs of which have been guaranteed by the Sponsor.
- The Portfolio includes assets located in secondary and tertiary markets.
    - *Mitigant*: The Portfolio assets located in these markets benefit from strong brand affiliations that generally allow them to compete well within their respective markets, as reflected in the Portfolio's June TTM RevPAR penetration rate of 113.1%. The assets that have or are scheduled to lose their brand affiliation will be sold and released from the loan, or reflagged.

Innkeepers Hotel Portfolio

Property	Location	Property Size	Year Built / Renovated	Occupancy % (8)	Occupancy Date	Appraised Value	Appraised Value As of Date	Allocated Loan Amount (10)	Property Type	ADR (8)	RevPar (8)
Westin	Morristown, NJ	224 Rooms	1965	59.1%	TTM Jul-08	$69,500,000	5/2/2007	$52,892,324	Hospitality	$ 200.60	$ 118.50
Four Points by Sheraton	Fort Walton Beach, FL	216 Rooms	1961	67.9%	TTM Jul-08	$43,800,000	5/1/2007	$33,333,580	Hospitality	$ 129.47	$ 87.88
Residence Inn by Marriott	Ontario, CA	200 Rooms	1986	81.8%	TTM Jul-08	$42,400,000	4/26/2007	$32,268,122	Hospitality	$ 109.32	$ 89.44
Courtyard by Marriott (1)	Montvale, NJ	190 Rooms	2007	55.5%	TTM Jul-08	$38,500,000	6/15/2007	$29,300,064	Hospitality	$ 145.55	$ 80.85
Sheraton	Rockville, MD	154 Rooms	2006	56.5%	TTM Jul-08	$33,300,000	4/30/2007	$25,342,653	Hospitality	$ 147.14	$ 83.11
Courtyard by Marriott (2)	Atlantic City, NJ	206 Rooms	2008	62.4%	May 08-Jul 08	$31,000,000	10/1/2007	$23,592,259	Hospitality	$ 128.86	$ 80.44
Embassy Suites (3)	Valencia, CA	150 Rooms	2007	53.0%	Oct 07-Jul 08	$28,200,000	8/1/2007	$21,461,346	Hospitality	$ 121.98	$ 64.67
Hampton Inn	Louisville, KY	173 Rooms	1971	74.9%	TTM Jul-08	$25,400,000	5/3/2007	$19,330,432	Hospitality	$ 116.91	$ 87.60
Residence Inn by Marriott (4)	Harrisburg, PA	122 Rooms	1988	78.3%	TTM Jul-08	$22,800,000	5/3/2007	$17,351,726	Hospitality	$ 125.18	$ 98.00
Bulfinch	Boston, MA	80 Rooms	2004	70.7%	TTM Jul-08	$21,500,000	4/26/2007	$16,362,374	Hospitality	$ 161.20	$ 114.02
Residence Inn by Marriott	Troy, MI	152 Rooms	1985	67.4%	TTM Jul-08	$16,900,000	4/30/2007	$12,861,586	Hospitality	$ 96.84	$ 65.23
Summerfield Suites	Addison, TX	132 Rooms	1996	78.1%	TTM Jul-08	$15,600,000	4/25/2007	$11,872,234	Hospitality	$ 87.80	$ 68.58
Hampton Inn (5)	Cohoes, NY	126 Rooms	1990	66.2%	TTM Jul-08	$13,400,000	5/4/2007	$10,197,944	Hospitality	$ 98.28	$ 65.06
Best Western	West Palm Beach, FL	135 Rooms	1986	55.3%	TTM Jul-08	$12,600,000	4/24/2007	$9,589,112	Hospitality	$ 87.40	$ 48.36
Hampton Inn	Woburn, MA	99 Rooms	1990	65.0%	TTM Jul-08	$10,400,000	4/27/2007	$7,914,823	Hospitality	$ 107.25	$ 69.76
Residence Inn by Marriott	Madison Heights, MI	96 Rooms	1985	63.1%	TTM Jul-08	$9,000,000	5/1/2007	$6,849,366	Hospitality	$ 95.82	$ 60.49
Residence Inn by Marriott (6)	Grand Rapids, MI	96 Rooms	1984	69.4%	TTM Jul-08	$7,500,000	5/3/2007	$5,707,805	Hospitality	$ 91.82	$ 63.73
Residence Inn by Marriott (6)	Indianapolis, IN	88 Rooms	1984	67.3%	TTM Jul-08	$7,400,000	5/1/2007	$5,631,701	Hospitality	$ 94.89	$ 63.83
Residence Inn by Marriott (6)	Fort Wayne, IN	80 Rooms	1985	76.5%	TTM Jul-08	$6,800,000	4/23/2007	$5,175,076	Hospitality	$ 95.42	$ 72.97
Former Residence Inn (7)	Columbus, OH	80 Rooms	1986	67.7%	TTM Jul-08	$6,300,000	4/30/2007	$4,794,556	Hospitality	$ 84.28	$ 57.06
Residence Inn by Marriott (6)	East Lansing, MI	60 Rooms	1984	77.8%	TTM Jul-08	$5,200,000	5/2/2007	$3,957,411	Hospitality	$ 99.90	$ 77.71
Total / Weighted Average (8), (9)		**2,859 Rooms**	**1988**	**66.5%**	**TTM Jul-08**	**$467,500,000**	-	**$355,786,494**	-	**$ 121.08**	**$ 79.50**

Notes:

(1) Courtyard by Marriot Montvale opened June 2007.

(2) Courtyard by Marriot Atlantic City opened late-May 2008.

(3) Embassy Suites Valencia, CA opened October 2007.

(4) 42 room addition to Residence Inn Harrisburg completed February 22, 2008.

(5) Hampton Inn Cohoes, NY is scheduled to lose its flag on 12/31/2010. $15,000/key reflagging guarantee is in-place.

(6) These Residence Inn assets are scheduled to lose their flag between 2008 and 2010. The Sponsor intends to sell the assets before they lose their flags. The East Lansing asset is under contract for sale as of August 2008.

(7) Residence Inn Columbus, OH lost its flag as of 3/31/2008. This asset is under contract for sale as of August 2008.

(8) Occupancy, ADR and RevPAR for all the assets was derived from the Jul-08 STRs and reflect a TTM period ending July 2008 with the exception of the Atlantic City and Valencia assets. For Atlantic City, the data was derived from the Property's financials and reflects the period since opening (May 08) through July 2008. For Valencia, the data was derived from the Property's STR report and reflects the period since opening (October 2007) through July 2008.

(9) Weighted average based on available rooms.

(10) Total does not correspond to the oustanding loan balance due to the premium associated with the partial loan prepayment resulting from the release of the Wichita and Tallahassee assets.

9/11/2008 1:53 PM

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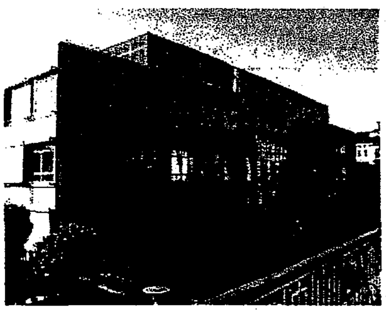
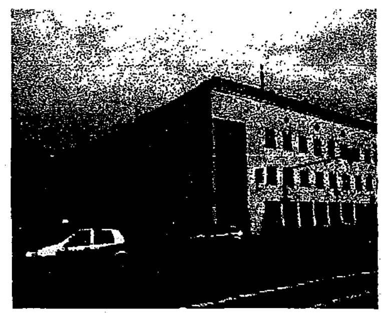
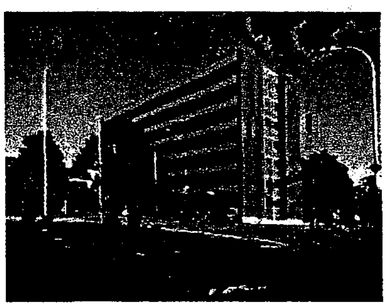
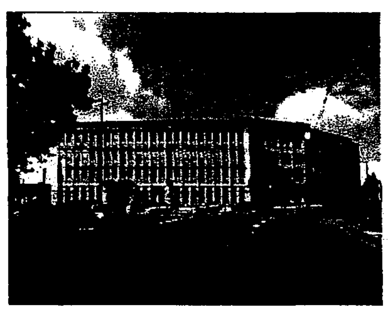
CONFIDENTIAL INFORMATION MEMORANDUM

OCTOPUS PORTFOLIO






NATIONWIDE, GERMANY
Lehman Brothers / Barg Group

Lehman Brothers financed a Joint Venture between Lehman's Global Real Estate Group and BARG Asset Management in its acquisition of the Octopus Portfolio.

Transaction Overview

Lehman Brothers originated a €219,180,000 (89.0%LTV, based on stabilized appraised value) fixed rate loan (the "Senior Loan"), a $9,741,000 (92.1%LTV) floating rate mezzanine loan (the "Mezzanine Loan"), and committed €22,538,000 of equity for a 90% stake in a JV with Weise Asset Management in March 2007, for the acquisition of the Octopus Portfolio.

Sources & Uses												
	Balance as of Aug 08			Committed				Balance as of Aug 08		Committed	
Sources		LTC	PSM		LTC	PSM	Uses		PSM		PSM
Senior Loan	217,000,171	*86.4%*	*826 €*	217,000,171	*86.4%*	*826 €*	Purchase Price	239,065,000	*910 €*	239,065,000	*910 €*
Mezzanine	7,650,264	*89.5%*	*855 €*	7,650,264	*89.5%*	*855 €*	Closing Costs	11,953,250	*45 €*	11,953,250	*45 €*
LB Equity	9,015,292	*93.1%*	*889 €*	9,015,292	*93.1%*	*889 €*					
Shareholder Loan	13,522,938	*98.5%*	*941 €*	13,522,938	*98.5%*	*941 €*					
Sponsor Equity	2,491,748	*99.5%*	*950 €*	2,491,748	*99.5%*	*950 €*					
Net Cash Flow	1,337,838	*100.0%*	*955 €*	1,337,838	*100.0%*	*955 €*					
Totals	**251,018,250**		**950 €**	**251,018,250**		**950 €**	**Totals**	**251,018,250**	**955 €**	**251,018,250**	**955 €**

Property Information

The Portfolio comprises high quality properties providing mainly office as well as technical, storage, retail and other usage types with a total lettable area of 258,679 sqm. The main usage by rental income is split between 55% office, 23% technical and 9% storage space.

The Portfolio was acquired in a Sale & Leaseback transaction with Deutsche Telekom, the anchor tenant providing 78% of rental income in February 2007.

The Portfolio initially comprises 41 commercial real estate assets spread across mainly West Germany with the most important locations being Ulm, Hamburg, Bavaria and the Rhine-Main area. Currently the portfolio comprises of 39 assets following 2 successful disposals.

The properties have been clustered into ten sub portfolios to allow a gradual disposal of assets over the loan term. The business plan also includes the letting up of vacant space of currently 17%. 20% of the portfolio is currently under offer or notarized for sale.

#	Town	APP (in €)	% of Total APP	Rental Income (p.a. in €)	% of Total Rent	Gross Initial Yield	Rever-sionary Yield	Lettable Area (in m²)	% of Total Area	Gross Rent (€/m²/mth)	Vacancy (in %)	WAULT (in yrs)
40	Ulm	62,209,229	25.8%	4,354,646	25.5%	7.0%	7.0%	47,001	17.5%	7.72	0.0%	7.8
37	Rosenheim	21,685,062	9.0%	1,409,529	8.2%	6.5%	7.2%	20,958	7.8%	7.45	24.8%	6.4
9	Darmstadt	18,236,118	7.6%	1,385,945	8.1%	7.6%	6.1%	14,560	5.4%	7.93	0.0%	7.6
27	Kempten	13,340,871	5.5%	933,861	5.5%	7.0%	6.0%	14,825	5.5%	5.50	4.6%	8.1
31	Leipzig	12,776,932	5.3%	945,493	5.5%	7.4%	7.0%	13,890	5.2%	6.41	11.5%	9.1
25	Heusenstamm	11,212,246	4.7%	728,796	4.3%	6.5%	12.2%	34,201	12.7%	2.47	28.1%	17.4
21	Hamburg	8,728,480	3.6%	436,424	2.6%	5.0%	7.3%	4,242	1.6%	10.90	21.3%	8.0
30	Krefeld	6,666,639	2.8%	479,998	2.8%	7.2%	6.8%	4,332	1.6%	10.82	14.6%	8.1
11	Frankfurt	6,012,800	2.5%	270,576	1.6%	4.5%	9.0%	5,818	2.2%	8.39	53.8%	6.1
18	Hamburg	5,181,408	2.2%	367,880	2.2%	7.1%	4.0%	3,805	1.4%	8.06	0.0%	10.1
Total / WA		**166,049,786**	**69.0%**	**11,313,148**	**66.2%**	**6.8%**	**7.2%**	**163,632**	**60.9%**	**6.65**	**13.3%**	**8.4**

Location / Market

The largest 5 assets are located in Tier 2 cities, such as Ulm, Rosenheim, Kempten, Leipzig and Darmstadt. The majority of the remaining assets by number are located in Hamburg and Frankfurt.

There has been an increase in letting activity in the course of positive economic growth. German property markets continue to enjoy high net-absorption rates and rising rents within its major cities.

The commercial property cycle in Germany lags behind Europe by two years and yields are still comparatively high. German properties have failed to re-rate on the way up and therefore offer some protection on the way down, showing relative value versus the rest of Europe. The market fears property values to decline, but analysis of implied yields suggest little downside risk at present given the potential for rental growth and increasing occupancy.

The largest property by value is located in Ulm and was built/renovated in 1955/1994. The site comprises of eight buildings and is located next to the main train station of Ulm, the city's theatre and within walking distance of the major shopping high street. There are 552 parking facilities in the courtyard and the underground car park. The properties give a good overall impression, are 100% occupied and are in a good state of repair. Ulm is located 90km south-east of Stuttgart and 130km north-west of Munich. The city is well connected by public transport and the major autobahns A8 and A7. Ulm is part of the Europe-Magistral railway between Paris and Budapest, benefiting from its own ICE (high speed train) station. The city hosts three exhibition halls and hosts numerous major international companies like Daimler-Chrysler, EADS, Nokia and Siemens.

The 2nd largest asset is located in the Rosenheim city centre and consists of two separate but internally connected building. It is currently ca 75% occupied and located opposite of the main train station and alongside the city's main high street. The building alongside the high street has commercial units on the ground floor and office units on the 1st and 2nd floor. The other building offers office and technical space. Both assets provide for ample car parking facilities. Rosenheim is located in the centre of the three southern metropolitan areas of Munich, Innsbruck and Salzburg. The city has some 60,000 inhabitants and a catchment area of more than 600,000 people.

The 3rd largest asset is located Darmstadt, in a mixed use area (residential, office, retail, hotel) within the city centre. The building 100% occupied and in a well maintained state, most space is used as office premises, with technical space being the second largest usage type. The asset was built in 1963/1975 and renovated in 2008. The asset, as well as Darmstadt as a whole, is of strategic importance to the Deutsche Telekom with the company operating a communication technology centre in the city. Darmstadt has a population of 139,000 and is well known for attracting IT sector and research & development companies due to the reknown Technical University Darmstadt. Major companies located in Darmstadt are Deutsche Telekom, Merck and Wella.. Darmstadt is located 34 km from Frankfurt, easily connected via the main autobahn A5.

Sponsorship

BARG and Weise Asset Management GmbH (a subsidiary of Barg Group Holdings GmbH) is a Berlin based asset manager with a total of 570 employees and currently approximately 3.3 million m² lettable area under management.

BARG Group generated over €700,000 revenues from its operations in 2006 and has worked extensively with Australian based Babcock & Brown, co-investing and managing most of its German real estate investments.

Current Status / Business Plan

Current business plan assumes gradual lease up of the currently vacant space in a favorable letting environment. The occupancy since acquisition has been raised from 81.5% to 82.6% within the last 18 months.

The disposal strategy has been delayed due to the adverse market conditions and a gradual disposal of assets over a 4 year horizon is now envisioned. Currently 2 assets have been sold and a further 10 assets are under negotiation and finalized letter of intent. Assets have been grouped by disposal strategy:

Bucket	Number of Assets	Final Bid Value (in €)	% of Portfolio	Average Lot Size (in €)	Rental Income (€ p.a.)	WAULT (in Yrs)	Initial Vacancy (in %)	Gross Initial Yield (in %)	Net Entry Price (€/m2)
Ulm	1	62,209,229	25.8%	62,209,229	4,354,646	7.8	0.0%	7.0%	1,324
Frankfurt	6	35,017,809	14.5%	5,836,301	2,456,272	7.2	14.7%	7.0%	1,175
Hamburg	8	30,124,319	12.5%	3,765,540	1,980,920	9.4	4.9%	6.6%	1,202
Bavaria	5	44,549,963	18.5%	8,909,993	3,083,450	7.7	17.8%	6.9%	854
Individual Sale	15	34,654,373	14.4%	2,310,292	3,018,428	6.2	16.5%	8.7%	676
Asset Management	6	34,131,115	14.2%	5,688,519	2,193,516	11.2	31.1%	6.4%	540
Total	**41**	**240,686,807**	**100.0%**	**5,870,410**	**17,087,232**	**8.0**	**16.0%**	**7.1%**	**896**

Strengths

The portfolio comprises of high quality mixed use office assets in good locations. Well let with an above average weigthed average lease term of 7 years.

Deutsche Telekom is the majority tenant contributing ca 77% of rental income. Deutsche Telekom enjoys an investment grade rating and improving credit strength.

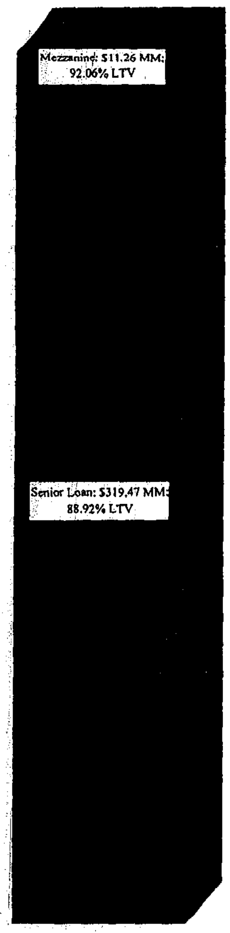
The average rent per m² across the Portfolio is less than €6.31 per month and the overall gross capital value is less than €900 per m². This protects our exposure to over-renting and void risk while also enhancing the Portfolio's marketability with cost effective accommodation for tenants as well as the perception of inherent value for incoming purchasers.

Considerations

Most assets are technical assets housing switching stations for the fixed line telecom network in Germany. Deutsche Telekom is dependent on the location of its technical facilities as these are nodal points for the companies underground cable network, therefore a move of equipments into new locations is very cost intensive, if not currently impossible. Deutsche Telekom continuously improves and enhances its long-term leased and occupied technical telecom/storage space and within the short to medium time horizon the telecommunication technique will not become obsolete and demand for the space will continue.

Octopus

bt Stack (Fully Funded): $330.74 MM



FIXED-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	Available Balance (Current Funded)	As-Is LTV	Loan / square meters (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior Loan:	$319,474,161	$319,474,161	*88.9%*	*$1,206*	*6.84%*	*6.8%*	1.27x	1.27x
Mezzanine:	$11,262,948	$11,262,948	*92.1%*	*$1,248*	*6.60%*	*6.6%*	1.19x	1.19x
Totals	**$330,737,109**	**$330,737,109**	***92.1%***	***$1,248***	***6.60%***	***6.60%***	***1.19x***	***1.19x***

Octopus

As of June 2008

Retained Position Summary

	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
Senior	€ 217,000,171	€ 217,000,171	nap	7/15/2011	Interest-Only+AM	6.16% / 1.30%
Mezzanine	€ 7,650,264	€ 7,650,264	nap	7/15/2011	Interest-Only	9.86% / 5.00%
Equity	€ 8,902,792	€ 8,902,792	nap	nap	nap	nap
Equity Shareholder Loan	€ 13,522,938	€ 13,522,938	nap	nap	nap	nap
Totals	€ 247,076,165	€ 247,076,165	€ 0			-

Senior Terms

Orig Bal	€ 219,280,000	Coupon	6.16%	Up-Front Reserves/Guaranty	nap
Current Funded	€ 217,000,171	Spread	1.30%	*Capital (TI/LC, Capex)*	nap
Future Funding	€ 0	LIBOR Cap (*If applicable*)	nap	*Unfunded TI/LC*	nap
Fully Funded	€ 217,000,171	Interest Payment Type	Quarterly	*Other*	nap
Maturity Date	7/15/2011	Amortization	Interest-Only+AM	Guaranty	nap
Extended Maturity	7/15/2012	Rate Type	Fixed	Cross-Collateralization	No
Extension Provisions	Usual - no default, etc.				

Call Protection

Comments

Mezzanine

Orig Bal	€ 9,741,000	Coupon	9.86%	Up-Front Reserves/Guaranty	nap
Current Funded	€ 7,650,264	Spread	5.00%	*Capital (TI/LC, Capex)*	nap
Future Funding	€ 0	LIBOR Cap (*If applicable*)	nap	*Unfunded TI/LC*	nap
Fully Funded	€ 7,650,264	Interest Payment Type	Full cash sweep	*Other*	nap
Maturity Date	7/15/2011	Amortization	None	Guaranty	nap
Extended Maturity	7/15/2012	Rate Type	Floating	Cross-Collateralization	No
Extension Provisions	Usual - no default, etc.				

Call Protection

Comments

Equity

Orig Bal	€ 9,015,292	Coupon	nap	Up-Front Reserves/Guaranty	nap
Current Funded	€ 8,902,792	Spread	nap	*Capital (TI/LC, Capex)*	nap
Future Funding	€ 0	LIBOR Cap (*If applicable*)	nap	*Unfunded TI/LC*	nap
Fully Funded	€ 8,902,792	Interest Payment Type	nap	*Other*	nap
Maturity Date	nap	Amortization	nap	Guaranty	nap
Extended Maturity	nap	Rate Type	nap	Cross-Collateralization	No
Extension Provisions	nap				

Call Protection

Comments

Shareholder Loan

Orig Bal	€ 13,522,938	Coupon	nap	Up-Front Reserves/Guaranty	nap
Current Funded	€ 13,522,938	Spread	nap	*Capital (TI/LC, Capex)*	nap
Future Funding	€ 0	LIBOR Cap (*If applicable*)	nap	*Unfunded TI/LC*	nap
Fully Funded	€ 13,522,938	Interest Payment Type	nap	*Other*	nap
Maturity Date	nap	Amortization	nap	Guaranty	nap
Extended Maturity	nap	Rate Type	nap	Cross-Collateralization	No
Extension Provisions	nap				

Call Protection

Comments

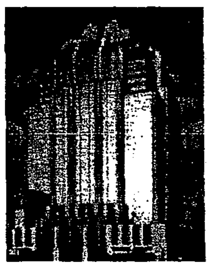
LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

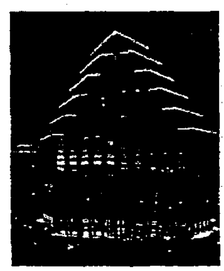
AUSTIN EOP PORTFOLIO

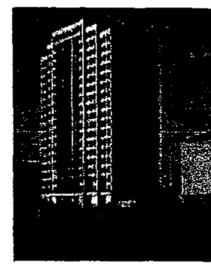
CENTRAL BUSINESS DISTRICT


300 W. 6th


Frost Bank Tower


One American Center


One Congress Plaza

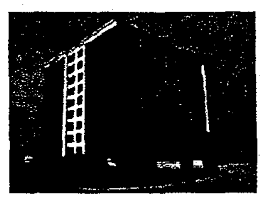

San Jacinto Center

NORTHWEST


Great Hills Plaza


Park 22

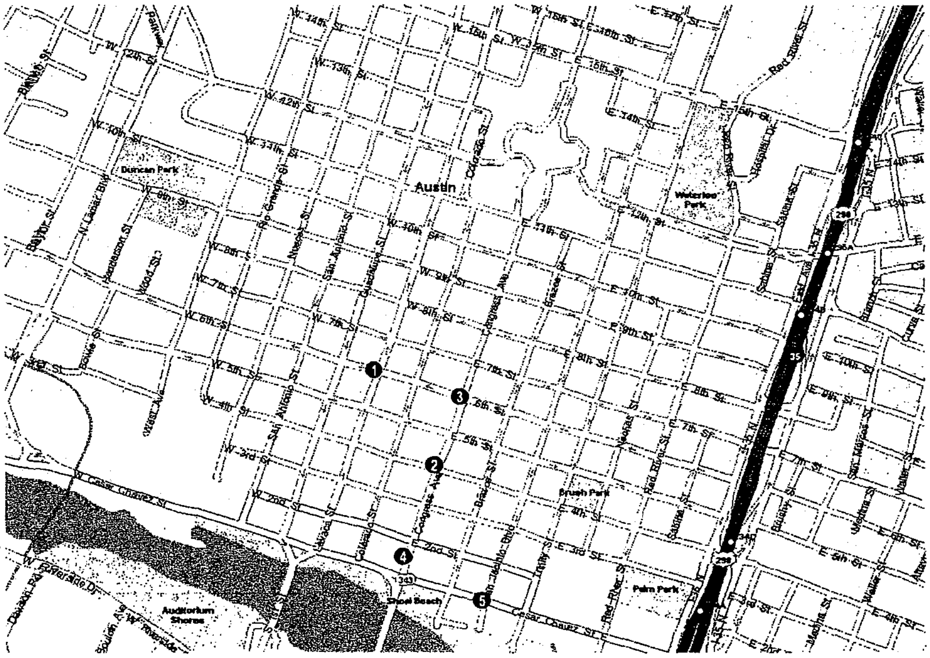

Research Park Plaza I & II


Stonebridge Plaza Two


Westech 360

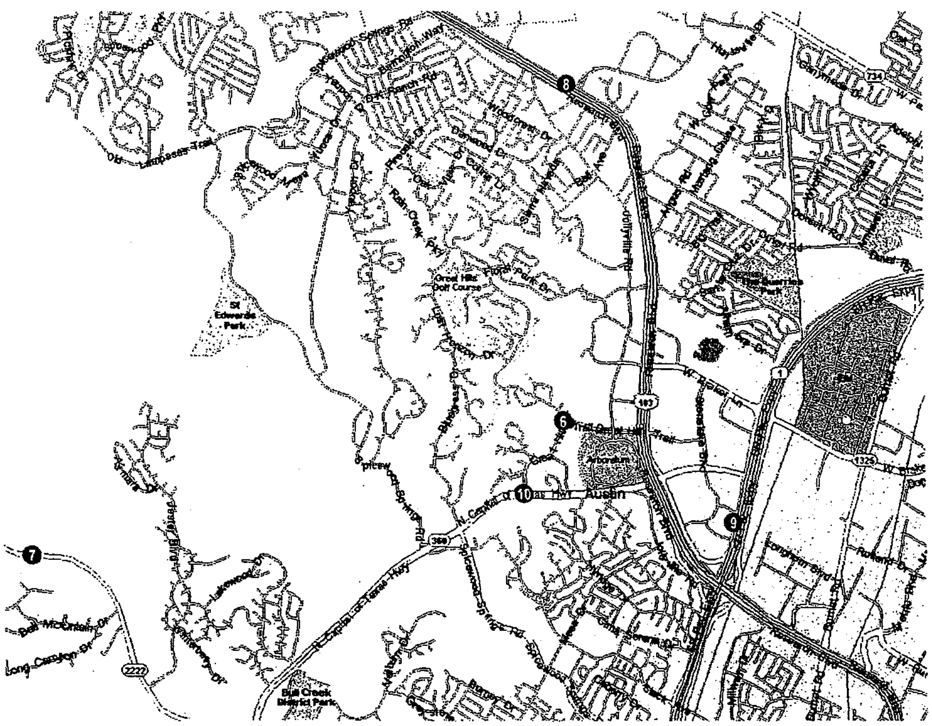
AUSTIN, TX

Austin CBD Portfolio



1. 300 West 6th
2. Frost Bank Tower
3. One American Center
4. One Congress Plaza
5. San Jacinto Center

Austin Northwest Portfolio



6. Great Hills Plaza
7. Park 22
8. Research Park Plaza I & II
9. Stonebridge Plaza II
10. Westech 360

Lehman Brothers financed the acquisition of the EOP Austin Portfolio, a 3,484,191 square foot, 10-building Class A office portfolio located in Austin, TX.

Transaction Overview

- Lehman Brothers provided $295,000,000 of Bridge Equity in June 2007, $73,750,000 of which has been syndicated to a third-party investor. The outstanding Bridge Equity represents a 50.0% equity interest. In conjunction with the acquisition, Lehman also provided non-crossed asset level debt totaling $715 MM most of which is securitized or sold (Lehman currently holds $69.1 MM and $71.0 MM B Notes in One American and One Congress, respectively), and a $192 MM ($80 Mm Sold) term loan for the acquisition of the portfolio.

Sources & Uses

Sources		LTC	PSF	Uses		PSF
Mortgage Debt - $574.9 MM Sold	$715,000,000	*59.46%*	*$205*	Purchase Price	$1,150,000,000	*$330*
Term Loan	$192,500,000	*75.47%*	*$260*	Transaction Costs	$17,547,982	*$5*
Revolver* - $80 MM Sold	$0	*75.47%*	*$260*	Reserves - Interest	$27,500,000	*$8*
				Reserves - CMBS Stub Interest	$1,279,440	*$0*
Sponsor Equity	$73,750,000		*$345*	Reserves - Working Capital	$6,172,578	*$2*
Third-Party Equity	$73,750,000		*$345*			
Bridge Equity	$147,500,000		*$345*			
Totals	**$1,202,500,000**		**$345**	**Totals**	**$1,202,500,000**	**$345**

*$100mm capacity, undrawn to date.

Property Information

- The 10-asset portfolio is located in one of the fastest growing cities in the U.S.: five Class A trophy assets, 2.5 million square feet, in Austin's CBD and five Class A assets, 1.0 million square feet, in Austin's Northwest suburbs.
- The Portfolio is comprised of the Austin holdings of the former Equity Office Properties, the nation's largest real estate owner/operator acquired by The Blackstone Group in February 2007.
- Five-property CBD portfolio represents "fortress" position of over 50% of competitive set square footage in high barrier to entry market, and is 78% of current appraised portfolio value.

Property	Address	No. of Bldgs	Year Completed	Sq. Ft. Remeasured	% Leased (As of 7/08)
Austin CBD					
300 West 6th	300 West 6th Street	1	2002	459,085	88.20%
Frost Bank Tower	401 Congress Avenue	1	2004	560,674	90.40%
One American Center	600 Congress Avenue	1	1984	523,106	82.10%
One Congress Plaza	111 Congress Avenue	1	1987	548,823	87.90%
San Jacinto Center	98 San Jacinto Boulevard	1	1987	404,098	89.20%
Sub-Total Austin CBD		5		2,495,786	87.51%
Austin Northwest					
Great Hills Plaza	9600 Great Hills Trail	1	1985	140,922	73.60%
Park 22	8601 Bull Creek Road	3	2000	203,492	91.20%
Research Park Plaza I & II	12401 Research Boulevard	2	1999	272,579	100.00%
Stonebridge Plaza II	9600 North Mopac Expressway	1	2001	192,909	98.00%
Westech 360	8911 Capital of Texas Highway	4	1986	178,503	62.90%
Sub-Total Austin Northwest		11		988,405	87.33%
PORTFOLIO		16		3,484,191	87.46%

Location / Market

- The current Austin office market fundamentals are strong and are expected to continue to improve over the long term. Austin is driven by one of the most dynamic demographic profiles amongst the top 50 U.S. metro areas.
    - Austin is forecast to be the nationwide leader in job growth over the next five years, translating to strong office growth and net absorption.
    - Population growth is forecast to more than triple the national average over the next five years.
- With 40% of its population between the ages of 21 and 44 and approximately 37% of the population holding a bachelor's degree, compared to 27% nationwide, Austin is a highly attractive market for large national employers looking for a lower cost alternative to more expensive markets such as New York, Massachusetts and California.
- Market-wide net rents increased 24.0% from 1Q07 to 2Q08, with Class A rents increasing 26.8%.
- Austin has generated net absorption averaging approximately 1.2 million SF per year for the past four years. Net absorption continues to be strong in 2008, with just under 1.6 million SF absorbed through the second quarter

Sponsorship

- Thomas Properties Group ("Thomas") is a leading, publicly traded national full-service real estate operating company that owns, acquires, develops and manages primarily Class A office properties located throughout the United States. Headquartered in Los Angeles, the company's current portfolio of over 15 million square feet includes significant holdings in Austin, Houston, Los Angeles, Northern Virginia and Philadelphia.
- Thomas has a strong reputation in the market is evidenced by its long list of institutional investors, corporate clients and joint venture relationships.

- Thomas has had and continues to maintain a successful relationship as an investment advisor for CalSTRS, and has been investing for and in joint venture with CalSTRS since 1999.

Current Status / Business Plan

- The portfolio is 87% leased at rents that are more than 25% below market, presenting a compelling value-add investment opportunity with the potential to capture strong market fundamentals through the lease-up of vacant space and the mark-to-market of below-market leases at expiration. Approximately 44% of the Portfolio's leased square footage expires over the next five years.
- The Portfolio tenancy is both diverse and not dependent upon any single tenant or industry. No single tenant occupies more than 6% of the Portfolio square footage. Major tenants include publicly-traded, investment-grade companies Charles Schwab and Oracle, as well as several prominent law firms such as Akin Gump Strauss Hauer and Weil Gotshal & Manges. Large, efficient floor plates in the office buildings make the assets attractive to professional services tenants seeking to consolidate different business groups and generate synergy.
- Additional value creation potential by rebranding the Portfolio within the market and pursuing selective value-added capital investment projects.
- At the time of acquisition, Frost Bank Tower and 300 West 6th, two of the newest buildings in the Austin CBD, accounted for 40% of in-place vacancy and present significant upside opportunity as space is absorbed in the market at rapidly increasing rental rates. These properties were delivered during the market downturn in 2002-2004 and currently enjoy the highest market rents in the city. Frost Bank and 300 West 6th are currently 90% and 88% leased, respectively.
- Strategically selling assets over the hold period provides liquidity while maximizing returns

Strengths

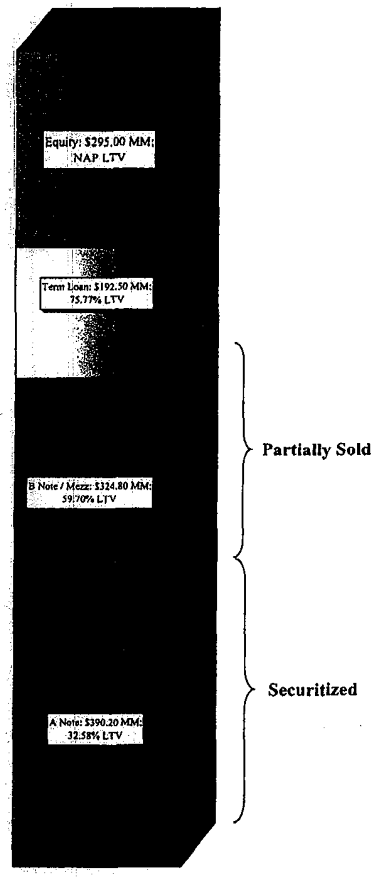
- Projected net market rents are not expected to reach levels where new construction is justified for at least the next six years, further supporting the forecasted tightening in the market and the limited new supply deliveries projected during the hold period
- There are few developable sites that are currently planned for office projects, with the majority of construction projects underway in the CBD planned as mixed use retail/residential. The delivery of a new office project in the CBD is not expected before 2011
- Replacement cost for a Class A office tower in the CBD is estimated at approximately $425/SF today. Assuming a return on cost of 8.00%, NNN rents would have to reach $34/SF; current weighted average CBD market rents in this portfolio are significantly lower, at approximately $25/SF NNN

Considerations

- The Austin Suburban Office market has long been a destination for tech companies.
    - *Mitigant*: With 78% of the value located in the CBD and only one tech company amongst the top ten tenants, the Portfolio is well insulated from volatility in the tech industry. Furthermore, Austin's tenant base today represents a more diverse set of industries than five years ago as Austin's appeal to legal and financial firms and government agencies expands.
- Although there is only one near-term plan for major office development, there remains a risk of significant speculative construction.
    - *Mitigant:* Current asking rents are well below what is needed to justify new office construction, which will continue to limit near-term supply. With Austin's strong projected population growth and the City's commitment to creating a "24/7" live/work environment, developers have focused on creating additional housing as nearly all of the current construction plans are residential.

Austin EOP Portfolio - Cap Stack

Total Cap (Fully Funded: $1,302.50 MM)



Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Total Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV	Loan / SF (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
A Note: Securitized	$390,200,000	$0	*32.6%*	$390,200,000	$0	*32.6%*	*$112*	*11.82%*	*11.82%*	1.92x	1.92x
B Note / Mezz; Partially Sold	$324,800,000	$140,100,000	*59.7%*	$324,800,000	$140,100,000	*59.7%*	*$205*	*6.45%*	*6.45%*	1.05x	1.05x
Term Loan: Partially Sold	$192,500,000	$112,500,000	*75.8%*	$292,500,000	$212,500,000	*84.1%*	*$289*	NAP	NAP	NAP	NAP
Equity:	$295,000,000	$147,500,000	*NAP*	$295,000,000	$147,500,000	*NAP*	*$374*	NAP	NAP	NAP	NAP
Totals	**$1,202,500,000**	**$400,100,000**	***NAP***	**$1,302,500,000**	**$500,100,000**	***NAP***	***$374***	***NAP***	***NAP***	***NAP***	***NAP***

Notes

1. *The $192,500,000 Term Loan is for six years through 5/30/2013, with no amortization. The interest rate is set at 325 bps over LIBOR for the entire loan term.*
2. *Coverages are based on blended rate of 6.06%*
3. *There is an additional $100 MM Revolving Credit Facility for 5 years from closing at an interest rate of 325 bps over LIBOR.*

EOP Austin Portfolio

Portfolio Information

Property Name	Austin EOP Portfolio	**Loan Purpose**	Acquisition	**In-Place NOI**	$40,500,000
Address	Various	**Purchase Price**	$1,150,000,000	**Stab. NOI**	$75,210,515
No. of Properties	10	**As-Is Appraised Value (Jun 08)**	$1,197,640,000		
Property Type	Office	**As-Is Appraised Value PSF**	*$344 PSF*	**5 Yr Proforma NOI**	
Property Size	3,484,191 SF			***YE 2009***	$42,106,136
Year Built / Renovated	Various	**Stab. Appraised Value**	NAP	***YE 2010***	$56,303,781
		Stab. Appraised Value Date	NAP	***YE 2011***	$67,412,259
In-Place Occupancy	87.46%			***YE 2012***	$75,210,515
Occupancy Date	7/1/2008			***YE 2013***	$82,547,529

Asset Level Information

Property	**SF**	**Location**	**Year Built / Renovated**	**Occupancy %**	**Appraised Value**	**Value PSF**
300 W. 6th	459,085	Austin CBD	2002	88.20%	184,400,000	402
Frost Bank Tower	560,674	Austin CBD	2004	90.40%	231,170,000	412
One American Center	523,106	Austin CBD	1984	82.10%	177,520,000	339
One Congress Plaza	548,823	Austin CBD	1987	87.90%	191,700,000	349
San Jacinto Center	404,098	Austin CBD	1987	89.20%	154,270,000	382
Great Hills Plaza	140,922	Austin Northwest	1985	73.60%	32,020,000	227
Park 22	203,492	Austin Northwest	2000	91.20%	49,870,000	245
Research Park Plaza I & II	272,579	Austin Northwest	1999	100.00%	77,370,000	284
Stonebridge Plaza Two	192,909	Austin Northwest	2001	98.00%	54,470,000	282
Westech 360	178,503	Austin Northwest	1986	62.90%	44,850,000	251
Totals	**3,484,191**	-	-	**87.46%**	**1,197,640,000**	**344**

Austin EOP Portfolio

As of Aug 2008

Retained Position Summary

	Current Funded	*Fully Funded*	*Carry Value*	*Maturity*	*Amortization*	*Coupon / Spread*
B Note - One American	69,100,000	69,100,000	69,100,000	6/30/2017	NAP	6.03%
B Note - One Congress	71,000,000	71,000,000	71,000,000	6/30/2017	NAP	6.08%
Term Loan	112,500,000	212,500,000	212,500,000	5/30/2011	NAP	L+350
Equity	147,500,000	147,500,000	147,500,000	-	NAP	-
Totals	**400,100,000**	**500,100,000**	**500,100,000**			-

B Note - One American

Orig Bal	$69,100,000	**Coupon**	6.03%	**Up-Front Reserves/Guaranty**	See comment below
Current Funded	$69,100,000	**Spread**	NAP	***Capital (TI/LC, Capex)***	NAP
Future Funding	$0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NAP
Fully Funded	$69,100,000	**Interest Payment Type**	NAP	***Other***	NAP
Maturity Date	6/30/2017	**Amortization**	None	**Guaranty**	NAP
Extended Maturity	NAP	**Rate Type**	Fix	**Cross-Collateralization**	NAP
Extension Provisions	NAP				

Call Protection Defeasance permitted two years after July 19, 2009. Prepayment without penalty permitted three months prior to maturity date.

Comments At closing, approx. $27.5 MM was aside to cover any Capex, TI/LC and debt service shortfalls across the portfolio (there were no property level allocations for this reserve). There is an additional $100 MM unfunded revolver, which can be utilized for any property level shortfalls.

B Note - One Congress

Orig Bal	$71,000,000	**Coupon**	6.08%	**Up-Front Reserves/Guaranty**	See comment below
Current Funded	$71,000,000	**Spread**	NAP	***Capital (TI/LC, Capex)***	NAP
Future Funding	$0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NAP
Fully Funded	$71,000,000	**Interest Payment Type**	NAP	***Other***	NAP
Maturity Date	6/30/2017	**Amortization**	None	**Guaranty**	NAP
Extended Maturity	NAP	**Rate Type**	Fix	**Cross-Collateralization**	NAP
Extension Provisions	NAP				

Call Protection Defeasance permitted two years after July 19, 2009. Prepayment without penalty permitted three months prior to maturity date.

Comments At closing, approx. $27.5 MM was aside to cover any Capex, TI/LC and debt service shortfalls across the portfolio (there were no property level allocations for this reserve). There is an additional $100 MM unfunded revolver, which can be utilized for any property level shortfalls.

[illegible]

Orig Bal (LEH Portion)	$112,500,000	**Coupon**	NAP	**Up-Front Reserves/Guaranty**	See comment below
Current Funded (LEH Portion)	$112,500,000	**Spread**	L+350	***Capital (TI/LC, Capex)***	NAP
Future Funding (LEH Portion)	$100,000,000	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NAP
Fully Funded (LEH Portion)	$212,500,000	**Interest Payment Type**	NAP	***Other***	NAP
Maturity Date	5/30/2011	**Amortization**	None	**Guaranty**	NAP
Extended Maturity	NAP	**Rate Type**	1-month LIBOR	**Cross-Collateralization**	Yes
Extension Provisions	NAP				

Call Protection

Comments At closing, approx. $27.5 MM was aside to cover any Capex, TI/LC and debt service shortfalls across the portfolio (there were no property level allocations for this reserve). There is an additional $100 MM unfunded revolver, which can be utilized for any property level shortfalls.

Bridge Equity Terms

Equity Capitalization		**Promote Terms**		**Additional Property Information**	
Operating Partner Equity	$73,750,000	Promote Hurdle Rate	9%	Anticipated Sale Date	5/31/2010 - 5/31/2017
% Share of Total Equity	25.00%	*Effective split after hurdle*		Pro Forma Exit Cap	6.50% - 7.25%
Add'l Third Party Equity	$73,750,000	LP Share	60.00%	**Equity Return Metrics**	
% Share of Total Equity	25.00%	GP Share	40.00%	Unlevered IRR	9.12%
Lehman Equity	$147,500,000	**Asset Management Fee**		Levered IRR	23.96%
% Share of Total Equity	50.00%	Asset Mgmt Fee Rate	50bps	Multiple of Capital	3.2x
		Asset Mgmt Fee Based Upon	Total Equity	5 Year Cash on Cash	0.00%
Total Equity Investment	$295,000,000	**Failed Syndication Terms**		Hold Period Cash on Cash	0.00%
		Failed Syndication Date	6/1/2008	**Lehman Equity Rights**	
		Does the Promote go away?	Yes	Major Decision Rights	Yes
		Does the AM Fee go away?	Yes	Right to Force Sale	Yes
				Forced Sale Date	6/1/2012

Comments Unlevered IRR as of acquisition and based on capitalization at closing.

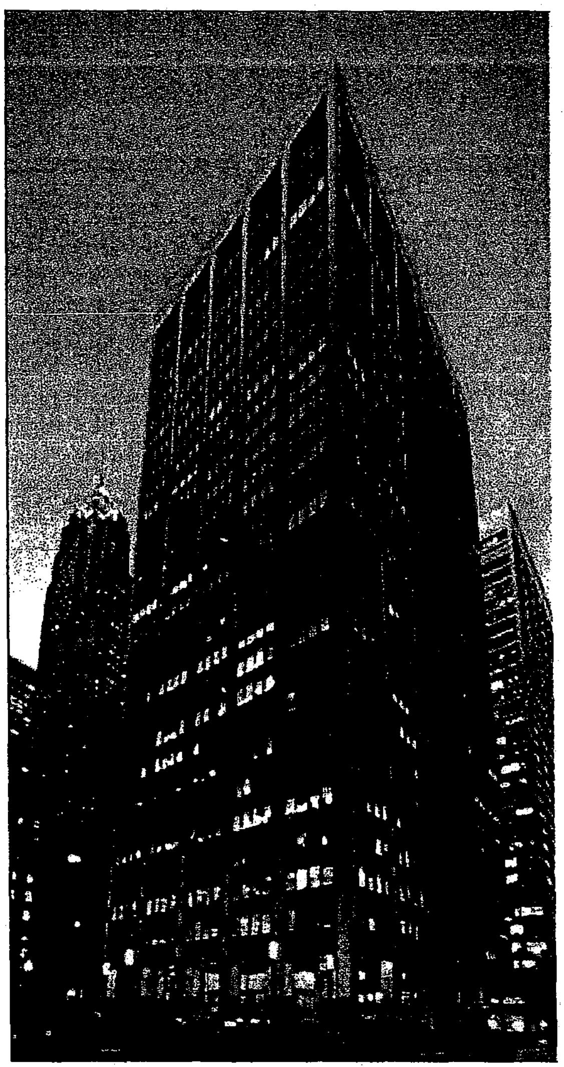
[illegible]

Property	**Loan Amount (Fully Funded)**	**Fixed / Floating**	**Maturity**	**Loan Term**	**Coupon / Spread**
300 W. 6th	127,000,000	Fixed	6/30/2017	10 Years	6.01%
Frost Bank Tower	150,000,000	Fixed	6/30/2017	10 Years	6.06%
One American Center	120,000,000	Fixed	6/30/2017	10 Years	6.03%
One Congress Plaza	128,000,000	Fixed	6/30/2017	10 Years	6.08%
San Jacinto Center	101,000,000	Fixed	6/30/2017	10 Years	6.05%
Great Hills Plaza	-	-	-	-	-
Park 22	-	-	-	-	-
Research Park Plaza I & II	51,500,000	Floating	6/30/2012	2-1-1-1	L + 1.345%
Stonebridge Plaza Two	37,500,000	Floating	6/30/2012	2-1-1-1	L + 1.159%
Westech 360	-	-	-		

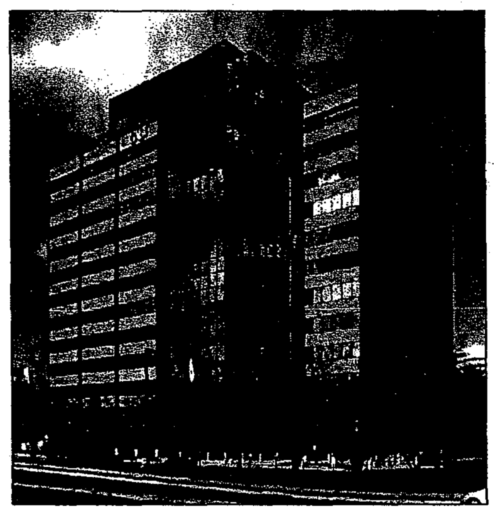
LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

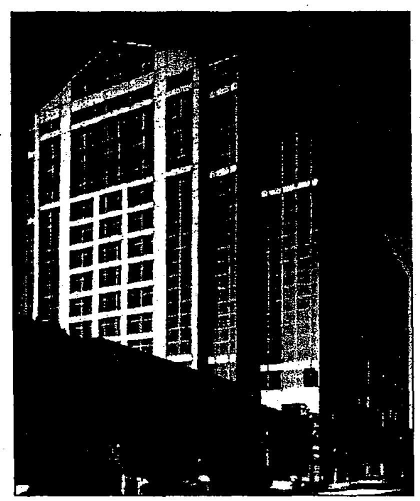
BROADWAY FUND III PORTFOLIO



100 Wall Street



One Fair Oaks Plaza



200 State Street

New York, NY
San Francisco, CA
Boston, MA
Los Angeles, CA

LEHMAN BROTHERS' Real Estate Group — Broadway Fund III Portfolio

Lehman Brothers financed the acquisition of 5,104,171 square foot portfolio of eleven Class A office buildings (the "Portfolio").

Transaction Overview

- Lehman provided a $2.034 billion financing package (the "Financing") to affiliates of Broadway Real Estate Partners ("Broadway" or the "Sponsor") to acquire the Portfolio from Beacon Capital Partners for a total purchase price of approximately $1.946 billion and a total capitalization of approximately $2.158 billion. The Financing, including the current balance of the accruing Bridge Mezzanine Loans, represents approximately 93% of the total transaction costs.
- Lehman provided individual mortgage loans on all of the properties in the Portfolio (uncrossed), consisting of $587.8 million of fixed rate debt secured by five properties and $305.4 million in floating rate debt secured by six properties. In addition Lehman provided $313.5 million in fixed rate mezzanine debt secured by the ownership interests in four of those properties (uncrossed) and $428.2 million in floating rate mezzanine debt (includes the unfunded balances on 100 California and 120 Howard) secured by the ownership interests in six properties (uncrossed). All the mortgage and mezzanine debt has either been securitized or sold to third parties (see debt stack for details).
- In addition to the purchase price of $1.946 billion, the total transaction costs of $2.158 billion includes $211.5 million of capital required at closing to fund upfront leasing and capital expenditure reserves, debt service reserves and transaction costs. Broadway has contributed approximately $140 million of equity to the transaction including approximately $25 million since closing.
- As part of the Financing, Lehman provided $453 million of bridge mezzanine loans (the "Bridge Mezzanine Loans") secured by cross-collateralized and cross-defaulted pledges of the equity interests in the owners of the eleven Class A office properties. The Bridge Mezzanine Loans are split between two tranches, Tranche A and Tranche B, which are pro rata with all sums due there under.

Sources & Uses (Aug 2008)

Sources		LTC	PSF	Uses		PSF
Mortgage & Mezzanine Debt (Securitized/Sold)	1,581,033,007	*71.92%*	*$310*	Purchase Price	1,946,285,194	*$381*
				Closing Costs	45,317,499	*$9*
Bridge Mezz A Retained	309,221,392	*92.94%*	*$400*	TI/LC, Cap Ex Reserves	84,468,959	*$17*
Bridge Mezz B Retained	137,627,670	*92.94%*	*$400*	Interest Reserve	71,899,837	*$14*
Accrued Bridge Mezz A Retained	9,362,148	*92.94%*	*$400*	Other Reserves	9,844,531	*$2*
Accrued Bridge Mezz B Retained	5,674,106	*92.94%*	*$400*	Accrued Interest	15,036,253	*$3*
				Payoff of Bridge Mezz and Accrued	25,331,891	*$5*
Equity	155,265,840	*100.00%*	*$431*			
Totals	**2,198,184,164**		**$431**	**Totals**	**2,198,184,164**	**$431**

Portfolio Information

- The Portfolio was previously owned by Beacon Capital Partners and was marketed for sale to a variety of investors (primarily public REITs, real estate funds and pension fund portfolio managers). The transaction was structured as a reverse merger in which the purchaser bought the private REIT including all of its assets and liabilities.
- All properties, with the exception of One Fair Oaks and Greensboro Park are located in core CBD office markets with an average vacancy rate of 6% and with in-place rents 10% below market as of July 2008. One Fair Oaks and Greensboro Park are located in strong the suburban markets in Northern, VA.
- 120 Howard offers substantial upside potential through a vertical expansion project and a strategic repositioning. This project will add four full floors on top of the existing structure totaling 68,184 rentable SF, and provide upper floor tenants with excellent views of San Francisco. The existing 9th floor is a penthouse suite that will be removed as part of the vertical expansion. The NRA will increase to 213,245 SF upon completion. Construction is expected to begin as soon as two floors are preleased at a rental rate of approx. $65/sf.
- 100 California represents a value add opportunity in which the Sponsor plans to add additional square footage atop the existing structure and reposition the retail portion of the Property.
- In conjunction with the vertical expansion and repositioning at 120 Howard and 100 California, there is a $26MM and a $28MM future funding facility in place.
- Over the four years remaining loan term it is anticipated that approx. $177.8 MM will be spent in leasing and capital costs. The cost will be funded from a combination of reserves and property level cash flows.

Assets	SF	Occupancy (June 2008)	Appraised Values (May 2007)	*PSF*	Permanent Debt	Maturity Date	Senior Debt Term (Yrs)	Coupon Spread
100 Wall	509,572	85.00%	250,000,000	*491*	Fixed	6/11/2012	5	6.25%
200 State	303,576	93.48%	162,000,000	*534*	Floating	5/9/2009	2-1-1-1	L + 136
116 Huntington	263,190	100.00%	130,700,000	*497*	Floating	5/9/2009	2-1-1-1	L + 138
Bay Colony	968,831	88.00%	366,000,000	*378*	Fixed	6/11/2012	5	6.31%
Greensboro	495,154	87.39%	169,000,000	*341*	Fixed	6/11/2012	5	6.30%
One Fair Oaks	214,214	100.00%	70,000,000	*327*	Fixed	6/11/2012	5	6.28%
One Sansome	646,633	87.06%	333,300,000	*515*	Fixed	6/11/2012	5	6.17%
50 Beale	661,949	94.52%	353,600,000	*534*	Floating	5/9/2009	2-1-1-1	L + 134
100 California	361,265	82.22%	140,000,000	*388*	Floating	5/9/2009	2-1-1-1	L + 132
120 Howard	208,675	45.00%	59,750,000	*286*	Floating	5/9/2009	2-1-1-1	L + 138
1000 Wilshire	471,692	83.66%	175,000,000	*371*	Floating	5/9/2009	2-1-1-1	L + 133
Totals	**5,104,751**	**87.25%**	**2,209,350,000**	*433*	-	-	-	

Sponsorship

- Broadway Partners, founded in 1999, is a private real estate investment and management firm headquartered in New York City. The firm invests in high quality office properties in select markets nationwide, including Washington D.C., New York, Connecticut, California, Florida, Michigan, Massachusetts, Illinois, and Pennsylvania. Since 2000, Broadway Partners has acquired office assets with a value in excess of $15.0 billion.

Bridge Mezzanine Terms

- Initial maturity is November 11, 2008 with one option to extend until May 11, 2009, conditioned upon the following: (i) no event of default shall exist, (ii) payment of an extension fee of 0.25% and (iii) payment of 0.75% of accrued interest at the date of extension. The coupon during the extension term is 15.85% and shall accrue and compound monthly to the extent not payable from cash flow.
- Application of prepayment proceeds are pro rata between the Tranche A and Tranche B. After an EOD, the proceeds are sequential.
- Terms of Guaranties:
    - $39 million principal guaranty provided by Broadway Real Estate Partners Fund III, L.P and its parallel funds
    - $75 million principal guaranty provided by Broadway Fund Manager, LLC and the general partner of Broadway Real Estate Partners Fund II, L.P. and Broadway Real Estate Partners Fund III, L.P.
    - After the termination of the $39 million principal guaranty the liability of the guarantors on the $75 million guaranty shall be reduced to $40 million. The Guaranties are reduced by the contribution of equity to the Portfolio or through asset sales by an amount in excess of the allocated release price.
    - Payments under the Guaranties flow reverse sequentially
- Prepayment Incentives:
    - Should the Sponsor repay at least $350,000,000 of the outstanding principal balance of either (at Borrower's option) (i) the Bridge Mezzanine Loans or (ii) the 237 Park Bridge Mezzanine Loans (which 237 Park Loans are not part of the collateral), and should this repayment occur on or before November 1, 2008, then the maturity date of the Bridge Mezzanine Loans shall be extended to February 11, 2009, and no extension fees, premiums or accrued interest shall be payable in connection therewith. In the event that the maturity date of the Bridge Mezzanine Loans is extended pursuant to the foregoing sentence, the Bridge Mezzanine Loans shall bear interest at all times during such extension period at a rate of 12%
    - In the event that the Bridge Mezzanine Loans are repaid in full on or before November 1, 2008, lender will credit against the Bridge Mezzanine Loans the lesser of $10mm and the difference between the actual aggregate amount of interest accrued at 12% and the aggregate amount of interest accrued that would have accrued if the interest were 10%.

Current Status / Business Plan

- The Sponsorship has been executing on its business plan at the asset level by spending capital strategically and executing significant leases across the Portfolio.
- In San Francisco, Broadway has aligned all the entitlements and approvals to add approximately 70k square feet to 120 Howard, while relocating the lobby and renaming the asset (188 Spear). Additionally, Broadway is progressing on repositioning the retail at 100 California by converting a former auditorium to restaurant space, which will add to tenant attraction.
- The Sponsor is currently under contract to sell One Sansome Street and 200 State at prices significantly above the allocated release price which will deleverage the Portfolio and provide value confirmation to the Portfolio.
- The Sponsors recently proposed a plan to reduce leverage on the Portfolio through a contribution of assets sales and equity contributions and in conjunction is looking for an extension of the Bridge Mezz Loan. Additionally the plan is to contribute additional collateral to the Portfolio as consideration for the extension.

Strengths

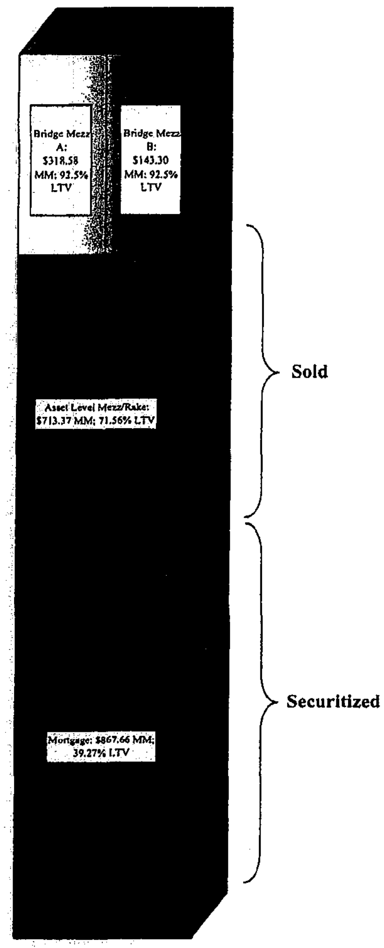
- Asset Quality: The Portfolio consists of institutional quality assets located in premier markets. Given the long-term attractiveness of the New York, Boston, Washington, D.C. and Los Angeles markets, the Portfolio offers significant upside via rolling rents to market as leases expire over the next several years.

Considerations

- Leverage/Maturity: At closing the Bridge Mezz Loan represented approximately 94% of the capitalization. The Bridge Mezz Loan matures in May of 2009.
    - *Mitigant*: Broadway is currently under contract to sell One Sansome and 200 State Street. Upon execution of these sales, the Bridge Mezz Loan is expected to be reduced by approximately $150mm. The Sponsor is currently requesting an extension of the Bridge Mezz Loan to avoid the maturity risk. It is likely that an extension would require the contribution of additional collateral. Further, the institutional quality of the Portfolio and its performance alleviate the valuation pressures in the current market.

Broadway Fund III - Debt Stack

)ebt Stack (Fully Funded): $2,096.92 MM



Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV/LTC	Total Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV/LTC	Loan / SF (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Mortgage: Securitized	$867,664,875	$0	*39.3%*	$867,664,875	$0	*35.2%*	*$170*	*10.16%*	*14.0%*	1.93x	2.66x
Asset Level Mezz/Rake: Sold	$713,368,132	$0	*71.6%*	$767,368,132	$0	*66.3%*	*$320*	*5.58%*	*7.4%*	1.06x	1.41x
Bridge Mezz A:	$318,583,540	$318,583,540	*92.5%*	$318,583,540	$318,583,540	*85.0%*	*$411*	NAP	NAP	NAP	NAP
Bridge Mezz B:	$143,301,776	$143,301,776	*92.5%*	$143,301,776	$143,301,776	*85.0%*	*$411*	NAP	NAP	NAP	NAP
Totals	**$2,042,918,323**	**$461,885,316**	***92.5%***	**$2,096,918,323**	**$461,885,316**	***85.0%***	***$411***	***NAP***	***NAP***	***NAP***	***NAP***

Notes

1. The Bridge Mezz tranches are pari-passu with respect to all sums due there under and includes the accrued balance as of Aug 2008.

2. Asset Level Coverages for Floating Rate loans are based on the LIBOR rate of 2.50%

3. In-Place Debt Yield is based on Current Funded balance and In-Place NCF. Stabilized Debt Yield is based on Fully Funded balance and Stabilized NCF

4. Fully Funded Asset level Mezz includes $28 MM for 100 California, and $26 MM for 120 Howard in future funding obligations for proposed vertical expansion that are unfunded

Broadway Fund III

Portfolio Information

Property Name	Broadway Fund III	**Loan Purpose**	Acquisition	**In-Place NOI**	$83,500,000
Address	Various	**Purchase Price**	$1,946,285,194	**Stab. NOI**	$123,731,256
No. of Properties	11	**As-Is Appraised Value (5/15/2007)**	$2,209,350,000		
Property Type	Office	**As-Is Appraised Value PSF**	*$433 PSF*	**Cash Flow Date**	8/31/2008
Property Size	5,104,751 SF	**Stab. Appraised Value (Various)**	$2,465,700,000	**5 Yr Proforma NOI**	
Year Built / Renovated	Various	**Stab. Appraised Value PSF**	*$483 PSF*	***YE 2009***	$88,154,374
				YE 2010	$93,740,844
In-Place Occupancy	87.25%			***YE 2011***	$110,127,022
Occupancy Date	8/31/2008			***YE 2012***	$123,731,256
				YE 2013	$134,033,768

Asset Level Details

Property	SF	Location	Year Built / Renovated	Occupancy %	Appraised Value	Value PSF
100 Wall	509,572	New York, NY	1969/1994	85.00%	250,000,000	*$491*
200 State	303,576	Boston, MA	1,984	93.48%	162,000,000	*$534*
116 Huntington	263,190	Boston, MA	1,991	100.00%	130,700,000	*$497*
Bay Colony	968,831	Waltham, MA	1,985	88.00%	366,000,000	*$378*
Greensboro	495,154	Tysons Corner, VA	1,979	87.39%	169,000,000	*$341*
One Fair Oaks	214,214	Fairfax, VA	1,987	100.00%	70,000,000	*$327*
One Sansome	646,633	San Francisco, CA	1,984	87.06%	333,300,000	*$515*
50 Beale	661,949	San Francisco, CA	1,968	94.52%	353,600,000	*$534*
100 California	361,265	San Francisco, CA	1,960	82.22%	140,000,000	*$388*
120 Howard	208,675	San Francisco, CA	1,972	45.00%	59,750,000	*$286*
1000 Wilshire	471,692	Los Angeles, CA	1,987	83.66%	175,000,000	*$371*
Totals	**5,104,751**	-	-	**87.25%**	**2,209,350,000**	***$433***

Broadway Fund III

As of Aug 2008

Retained Position Summary

	Current Funded	*Fully Funded*	*Carry Value*	*Maturity*	*Amortization*	*Coupon / Spread*
Bridge Mezz A	318,583,540	318,583,540	318,583,540	11/11/2008	NAP	11.57%
Bridge Mezz B	143,301,776	143,301,776	143,301,776	11/11/2008	NAP	11.57%
Totals	**461,885,316**	**461,885,316**	**461,885,316**			-

Bridge Mezz A Terms

Current Funded	$318,583,540	**Coupon**	11.57%	**Up-Front Reserves/Guaranty**	
Future Funding	$0	**Spread**	NAP	***Capital (TI/LC, Capex)***	NAP
Fully Funded	$318,583,540	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NAP
Maturity Date	11/11/2008	**Interest Payment Type**	NAP	***Other***	NAP
Extended Maturity	5/11/2009	**Amortization**	None	**Guaranty**	Yes
Extension Provisions	See Memo	**Rate Type**	Fix	**Cross-Collateralization**	Yes

Call Protection Freely Prepayable subject 0.25% Exit Fee

Comments Bridge Mezz accrues at 11.57% to the extent debt service not available from cash flow; rate goes to 14% in Nov 2008.

Bridge Mezz B Terms

Current Funded	$143,301,776	**Coupon**	11.57%	**Up-Front Reserves/Guaranty**	
Future Funding	$0	**Spread**	NAP	***Capital (TI/LC, Capex)***	NAP
Fully Funded	$143,301,776	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NAP
Maturity Date	11/11/2008	**Interest Payment Type**	NAP	***Other***	NAP
Extended Maturity	5/11/2009	**Amortization**	None	**Guaranty**	Yes
Extension Provisions	See Memo	**Rate Type**	Fix	**Cross-Collateralization**	Yes

Call Protection Freely Prepayable subject 0.25% Exit Fee

Comments Bridge Mezz accrues at 11.57% to the extent debt service not available from cash flow; rate goes to 20% in Nov 2008.

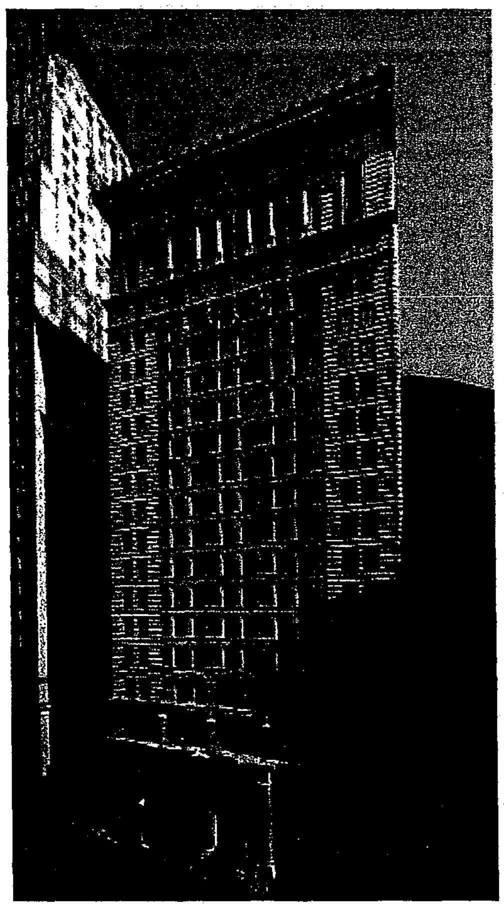
Asset Level Debt

Property	**Loan Amount (Current Funded)**	**Loan Amount (Fully Funded)**	**Fixed / Floating**	**Maturity**	**Loan Term**	**Coupon / Spread**
100 Wall	179,890,162	179,890,162	Fixed	6/11/2012	5	6.25%
200 State	120,983,460	120,983,460	Floating	5/9/2009	2-1-1-1	L + 136
116 Huntington	86,907,445	86,907,445	Floating	5/9/2009	2-1-1-1	L + 138
Bay Colony	268,865,487	268,865,487	Fixed	6/11/2012	5	6.31%
Greensboro	127,307,396	127,307,396	Fixed	6/11/2012	5	6.30%
One Fair Oaks	52,399,975	52,399,975	Fixed	6/11/2012	5	6.28%
One Sansome	247,181,736	247,181,736	Fixed	6/11/2012	5	6.17%
50 Beale	230,634,881	230,634,881	Floating	5/9/2009	2-1-1-1	L + 134
100 California	100,228,130	128,228,130	Floating	5/9/2009	2-1-1-1	L + 132
120 Howard	47,115,819	73,115,819	Floating	5/9/2009	2-1-1-1	L + 138
1000 Wilshire	119,518,515	119,518,515	Floating	5/9/2009	2-1-1-1	L + 133

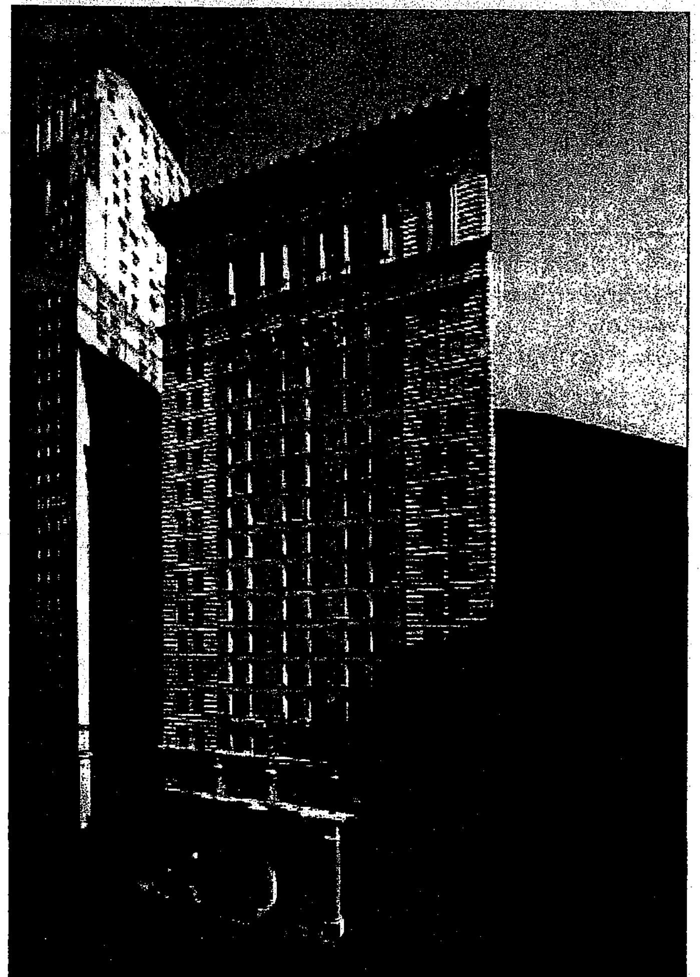
LEHMAN BROTHERS

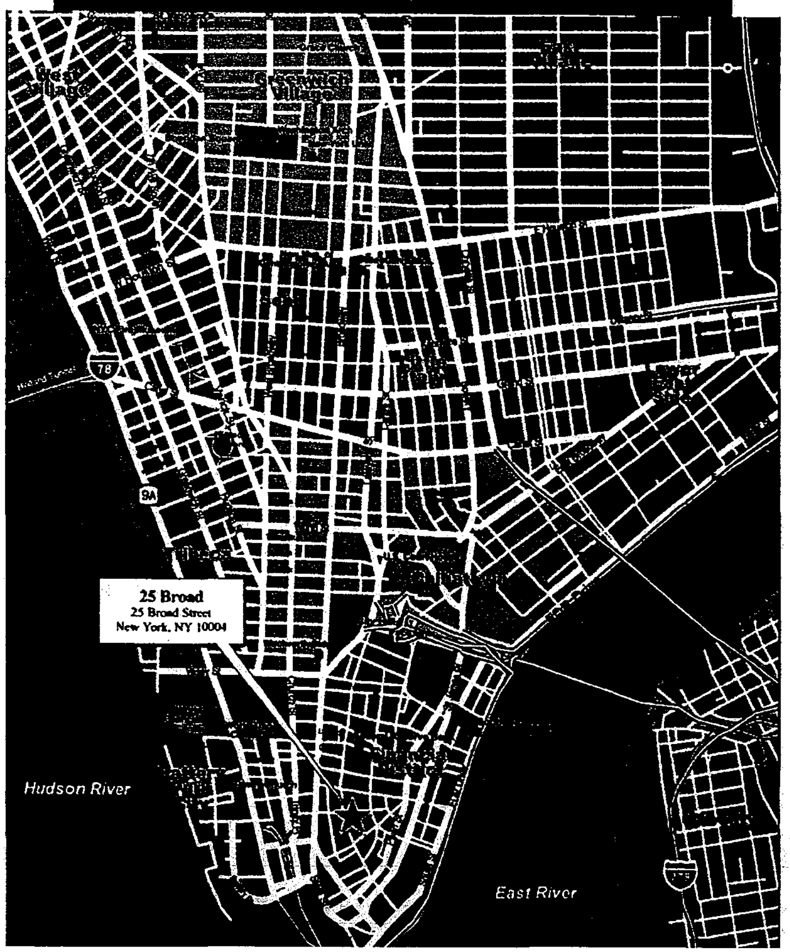
CONFIDENTIAL INFORMATION MEMORANDUM

25 & 45 BROAD STREET



NEW YORK, NY




25 Broad
25 Broad Street
New York, NY 10004
Hudson River
East River

Lehman Brothers provided debt financing for the conversion of market rate rental apartments to condominium units at 25 Broad Street and the construction of a new residential tower at 45 Broad street in the Financial District of New York City.

Transaction Overview

- The 25 Broad property was acquired by SwigEquities in August, 2005. In June 2006, SwigEquities also acquired 45 Broad Street. Lehman initially provided a conversion facility in the amount of $309 million comprised of the 25 Broad Senior, Building and Project Loans. In March, 2007 the loan was resized to $378 million and restructured to include four mezzanine loans and $33MM in equity from the sponsor.
- Kent Swig has issued principal guarantees on the entire 45 Broad facility, and the subordinate $50MM of the 25 Broad financing.

25 Broad Loan Balances and Equity:

Sources	Funded to Date	Total Commitment
Senior Loan	$231,677,693	$231,677,693
Building Loan	$15,418,572	$19,663,826
Project Loan	$26,478,678	$26,658,481
Mezz 1	$24,905,000	$25,000,000
Mezz 2	$24,872,390	$25,000,000
Mezz 3	$21,437,545	$25,000,000
Mezz 4	$25,000,000	$25,000,000
Total Debt	**$369,789,878**	**$378,000,000**
Borrower Equity	$33,000,000	$43,000,000
Total Capitalization	**$402,789,878**	**$421,000,000**

Uses	Funded to Date	Original Budget
Acquisition Costs	$258,829,734	$258,829,734
Hard Costs	$45,492,370	$50,735,556
Soft costs	$98,467,774	$111,434,710
Total Uses:	**$402,789,878**	**$421,000,000**

45 Broad Loan Balances:

Sources	Funded to Date	Total Commitment
Senior Loan	$44,984,967	$37,705,711
Acquisition Loan	$13,101,271	$11,467,283
Total Debt	**$58,086,238**	**$49,172,994**

Uses	Funded to Date	Funded to Date
45 Broad Site Acquisition Costs		$37,705,711
35 Broad Air Right Acquisition Costs		$11,467,283
Accrued & Capitalized Interest to Date		$8,913,244
Total Uses:		**$58,086,238**

Property / Market Information

- 25 Broad Street is located in the heart of the Financial District in Lower Manhattan. Originally constructed in 1902 as an office building, the 22 story property was converted in 1997 by Crescent Heights to a 346-unit, market rate residential apartment building, and renamed The Exchange. The building contains approximately 376,000 salable sf and an additional 21,000 sf of retail space
- 27 sales contracts have been submitted for approval with an aggregate sales price of $35,196,650 or $1,234/sf. Of the 27 contracts, so far 16 have been approved, with the others being diligenced.
- In addition to meeting the pre-established minimum release price ("MRP"), qualified contract buyers must deposit 10% of the purchase price, they cannot be an affiliate of the sponsor and may not acquire two or more contiguous units without lender approval.
- Borrower states that there is a pending deal with a bulk purchaser for an additional 27 units. The contracts for those units have not yet been approved. Borrower needs to have 46 approved and accepted contracts to declare the condo plan effective.

Sponsorship

- SwigEquities is a real estate development investment and management firm based in Manhattan and San Francisco. The company has developed more than $2 billion of residential, commercial, and hotel properties in the United States. Swig is currently the largest owner of commercial office space in Lower Manhattan.
- SwigEquities has significant condominium experience in Manhattam, owning and/or managing over 1,000 units. As the managing partner of the borrower, Mr. Swig's co-ownership of Terra Holdings, LLC, Brown Harris Stevens and sole ownership of Helmsley Speer Properties creates access to the entire spectrum of real estate companies and professionals to support this project.

Current Status / Business Plan

Condominium Plan for 25 Broad accepted as Amended, including Acquisition of 45 Broad Parcel and Conveyance from 25 Broad of 38 Units with Air Rights:

- The Borrower's original business plan was to acquire 25 Broad and convert the residential apartment units to for-sale condominium units. Immediately following the acquisition, the Borrower commenced the scheduled base building improvements and conversion of the units.
- In June 2006, SwigEquities also acquired 45 Broad Street and demolished the existing building. The vacant development parcel is a lot measuring 8,233 sf in a rectangular shape, with 64 feet of frontage on Broad Street, extending back 128 feet to the south wing of 25 Broad Street. Based upon the allowable FAR with special permits, the parcel may accommodate 125,000 sf, of development, which is planned as a mixed use hotel, hotel-condominium and retail space. The parcel is located one-block from the NYSE on the east side of Broad Street, mid-block between Exchange Place and Beaver Street in downtown Manhattan. $37,705,711 was financed through a senior loan facility for the 45 Broad acquisition.
- Subsequent to the initial acquisition, the sponsor acquired 76,156 sf of air rights of a neighboring property, 41 Broad, and Lehman funded a second loan of $11,467,283 in 2/07 as part of the 45 Broad facility.
- In an effort to maximize the development potential and sell-out of 25 Broad, the Sponsor withdrew the original Offering Plan and submitted a new plan, which was accepted by the New York Attorney General's office in June 2008. The new plan incorporates the ability to demolish the south-wing of 25 Broad (38 units) and convey the interests to 45 Broad resulting in a unit count of 306 for 25 Broad. Without this amendment, the units in the "tail" of the building (38 units), would remain permanently in the dark upon the completed development the 45 Broad parcel.
- The 45 Broad borrower will purchase the building rights of the 38 units in the neighboring 25 Broad property and consolidate the parcel, creating an additional approx 64,245 sf of development rights for 45 Broad Street. The purchase price for the 38 units is $51MM, and equivalent to pre-established MRPs for the condominium units. This transfer of the debt balance from 25 Broad representing the units to 45 Broad in the amount of $51MM is in the process of being documented.
- 25 Broad is currently in operation, generating approximately $117,000 in monthly revenue from 20 interim residents and 3 retail tenants. Each of the 306 units has been renovated, save for minor punch list items on the top 2 floors.

Strengths:

- The new Condo Plan for 25 Broad has been accepted by the State of NY, which removes the 39 units - 38 of which are to be conveyed to 45 Broad and one unit that will be consolidated into the common area for creation of a building manager's office.
- Plans for a mixed use retail/hotel/condo tower for the 45 Broad site have been created and the sponsor is in negotiations with hotel operators to run the hotel portion of the planned development.

Considerations:

- Based on new condo plan prior contracts received must be resigned.
    - *Mitigant: There was strong demand for the initial project that is likely to be renewed in a smaller (by 40 units) building.*
- The borrower is currently in the market seeking predevelopment financing for the enlarged development.
    - *Mitigant: The borrower, SwigEquities is significantly invested in this project, and has substantial experience in similar projects. Kent Swig has issued principal guarantees on the entire 45 Broad facility, and the subordinate $50MM of the 25 Broad financing.*

45 Broad

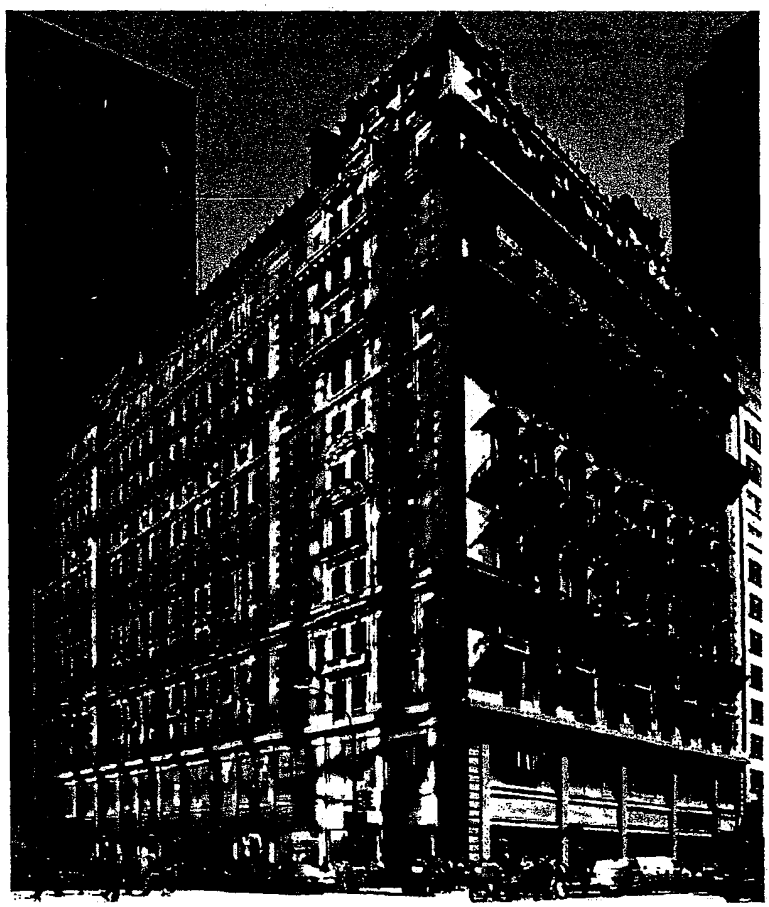
Property Information

Property Name	45 Broad Street	**Loan Purpose**	Acquisition & Air Rights
Address	45 Broad Street New York, NY 10004	**Purchase Price**	37,705,711- Property Acquisition 11,467,283- 35 Broad Air Rights
No. of Properties	1	**As-Is Appraised Value**	
Property Type	Land	**As-Is Appraised Value Date**	
Property Size	NAP	**Stab. Appraised Value**	
Year Built / Renovated	NAP	**Stab. Appraised Value Date**	
		In-Place NOI	NA
		In-Place NCF	NA
		Stab. NOI	NA
		Stab. NCF	NA
		Cash Flow Date	
		5 Yr Proforma NOI	
		YE 2009	NA
		YE 2010	NA
		YE 2011	NA
		YE 2012	NA
		YE 2013	AN

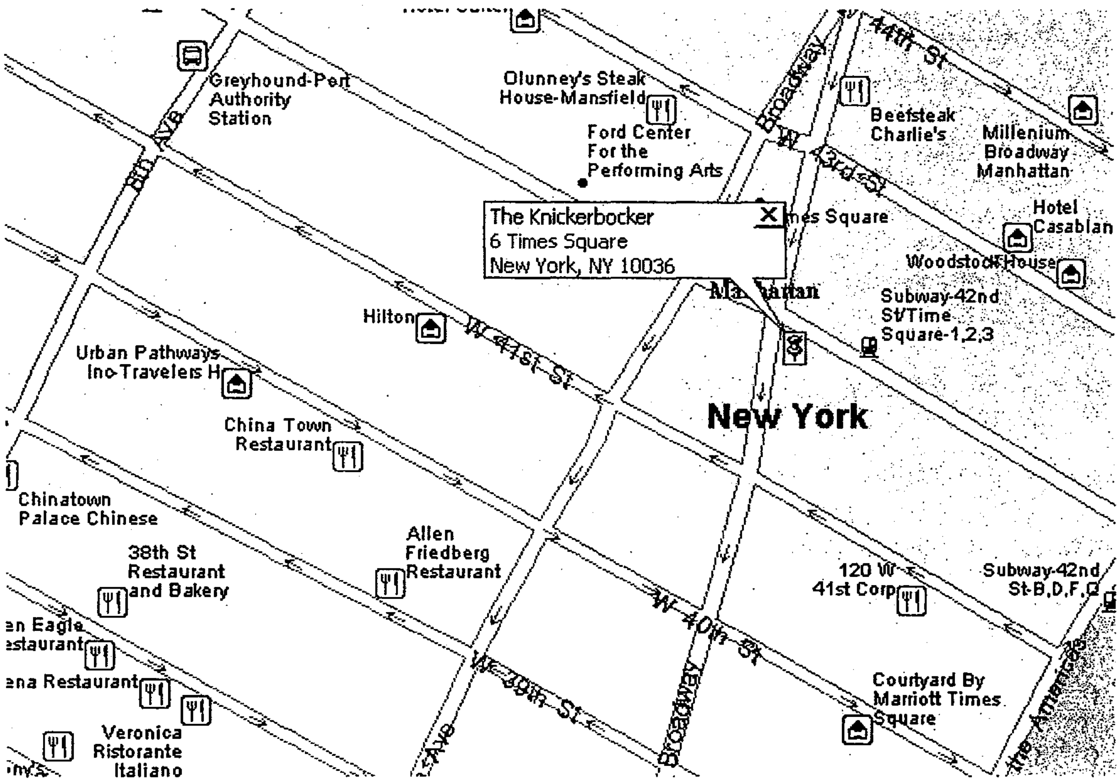
LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

THE KNICKERBOCKER



NEW YORK, NY 10036


The Knickerbocker
6 Times Square
New York, NY 10036
Greyhound-Port Authority Station
Olunney's Steak House-Mansfield
Ford Center For the Performing Arts
Beefsteak Charlie's
Millenium Broadway Manhattan
Hotel Casablan
Woodstock House
Subway-42nd St/Time Square-1,2,3
Hilton
Urban Pathways Inc-Travelers H
China Town Restaurant
New York
Chinatown Palace Chinese
38th St Restaurant and Bakery
Allen Friedberg Restaurant
120 W 41st Corp
Subway-42nd St-B,D,F,Q
Courtyard By Marriott Times Square
Veronica Ristorante Italiano
8th Ave
W 44th St
W 43rd St
W 41st St
W 40th St
W 39th St
Broadway

Lehman Brothers financed the acquisition of The Knickerbocker building, a 312,242 square foot, 15-story office building to be converted to a 275-key luxury hotel located in New York, New York.

Transaction Overview

- Lehman Brothers originated a $290,000,000 floating rate loan ("Floating Rate Loan") in February 2007.
- The loan proceeds were used by Istithmar Hotels FZE to acquire and fund some pre-development costs for The Knickerbocker building (the "Property").

Sources & Uses							
	Balance as of Aug 08		Committed			Balance as of Aug 08	Budget
Sources		LTC		LTC	Uses		
Senior Loan*	$280,450,879	*81.9%*	$280,450,879	*80.2%*	Purchase Price	$300,000,000	$300,000,000
					Closing Costs	10,000,000	10,000,000
Isthimar Equity (at closing)	55,000,000	*97.9%*	55,000,000	*95.9%*	Interest	26,671,562	32,662,519
Istithmar Equity (post closing)	7,126,089	*100.0%*	14,417,045	*100.0%*	Pre-Development	2,161,090	2,161,090
					Real Estate Taxes	3,744,316	5,044,316
Totals	**$342,576,968**		**$349,867,924**		**Totals**	**$342,576,968**	**$349,867,924**

*The original Lehman senior loan commitment was $290,000,000. At the first maturity date (2/1/08), Lehman had funded $280,450,879. Lehman is not required to fund the remaining loan commitment during the loan extension period. The two 6-months extensions where both executed at an extension fee of 0.25% each. The new maturity date is 2/1/09.

Property Information

- The Knickerbocker is a 312,242 SF, 15-story general commercial use building (built in 1906) and an 8-story annex (built in 1894) that is situated on a 0.55-acre site located on the corner of 42nd and Broadway in Midtown Manhattan, New York.
- The Property was built as a hotel in 1906 by John Jacob Astor IV as the sister property of the St. Regis Hotel. It was developed with a French renaissance façade comprised of brick, terra cotta and limestone with a mansard roof.
- Since 1906, the Property has been converted from a hotel to office space, to residential lofts in the 1980's and then back to office space.

Location / Market

- New York City is one of the nation's strongest hotel markets due to its pull as a business center and leisure destination. As of May 2008, New York hotels have had a 12.0% RevPAR increase over the running twelve months compared to a 4.9% increase for the nation.
- From 2004 to 2006, only two luxury/upscale hotels (renovation of existing hotels) were added to the Manhattan supply (Gramercy Park Hotel and The London NYC); however five luxury/upscale hotels closed down for complete condominium conversion (Inter-Continental CPS, Sheraton Russell, Swissotel The Drake, Stanhope Park Hyatt and Regent Wall Street), and three luxury/upscale hotels underwent partial condominium conversion (The Plaza, St. Regis and The Mark).

Sponsorship

- Istithmar Hotels FZE, formed in April 2006, is a wholly owned subsidiary of Istithmar, a Dubai based alternative investment house focused on private equity, real estate and strategic investments in the industries of consumer, financial services, industrial and real estate. Established in 2003, Istithmar has invested in over 30 companies to date with equity investment in excess of $1.8 billion and approximate total enterprise value of $6.0 billion. Istithmar is part of Dubai World, which also owns:
  - Nakheel (the largest developer in Dubai - current portfolio worth $25 billion)
  - Palm Islands, The World Islands, The Dubai Waterfront
  - Dubai Metals & Commodities Centre
  - Tejari (electronic auction and procurement system)
- Geographically, Istithmar is very active in both key gateway cities, including New York and London, as well as in the emerging markets of the Middle East, Eastern Europe and China.
- Within the real estate industry, Istithmar is active in all sectors, including residential, office, industrial, retail, mixed use, hospitality and leisure, targeting projects that are positioned to experience long-term substantial capital appreciation. Istithmar Building FZE, which manages Istithmar's real estate portfolio, currently has assets worth approximately $3.0 billion. Istithmar Hotels FZE was established to manage Istithmar's investments in the hospitality sector, focusing specifically on the development and ownership of hotels. Istithmar Hotels will target investments in high-end luxury, boutique, as well as budget hotels in key cities around the world. Currently, the portfolio of Istithmar Hotels FZE includes the following assets:
  - W New York (Union Square), New York
  - Mandarin Oriental Hotel, New York
  - Hotel Washington, Washington DC
  - Kerzner International Hotel
  - Atlantis The Palm, Dubai
  - IHI Europe PLC
  - easyHotel.com
  - Raimon Land, Bangkok –Thailand
- Sultan Ahmed Bin Sulayem is the Chairman of the Board of Istithmar. He is also the Chairman of Dubai World and all of its group companies. Additionally, he sits on the board of the Dubai Chamber of Commerce and Industry. Mr. Bin Sulayem was also elected as a Global Leader for Tomorrow by the World Economic Forum in Davos

Current Status / Business Plan

- The business plan is to convert and renovate the building into a 275-room five-star hotel with restaurant(s), lounge(s), health club, meeting space and 48,057 square feet of prime retail space. Currently, the site is approved for hotel use, and the borrower is seeking further approvals for the specific development plans.

- A highly considered alternative option is for the Sponsor to sell the Property and development plans.
- The below NOI is not reflective of hotel cash flows. This is based on revenues and expenses generated from the existing office and retail tenants.

Operating Performance			
	2006	2007	2008(F)
Revenue	$11,386,306	$6,819,543	$4,673,128
Expenses	6,514,033	2,688,070	2,188,504
NOI	$4,872,273	$4,131,473	$2,484,624

* (F) Sponsor forecast

** The NOI is decreasing year over year as a result of the Sponsor's successful efforts in evicting office tenants to effectuate their business plan of converting the Property to a hotel.

Strengths

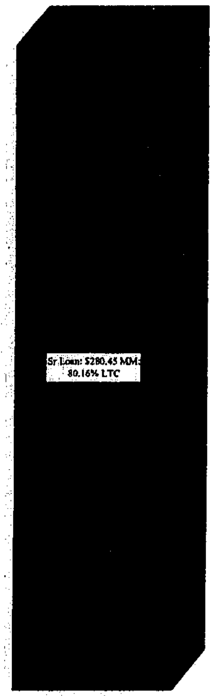
- According to Smith travel Research and Expedia statistics, New York City is the most visited city by national and international tourists. The city is one of the nation's strongest hotel markets due to its pull as a business center and leisure destination as well.
- The borrower has multiple business plan alternatives. Due to the location of the building, the building is desirable for hotel use or office use.
- The high barriers to entry due to high development costs, prohibitive land costs, and a lack of available sites will continue to thwart the development of full-service hotels.
- Istithmar is a very strong sponsor due to its size in capital and hotel real estate experience.

Considerations

- By December 2010 an estimated total of 15,237 rooms are expected be delivered in the Manhattan market.
    - *Mitigant*: Out of the potential room additions, only 1,117 rooms (7.3%) are expected to be in the luxury tier.

Knickerbocker

Debt Stack (Fully Funded): $280.45 MM



FLOATING-RATE LOAN

Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	LTC	Total Balance (Fully Funded)	LB Balance (Fully Funded)	LTC	Loan / Room (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Sr Loan	$280,450,879	$280,450,879	*81.9%*	$280,450,879	$280,450,879	*80.2%*	*$1,019,821*	*NAP*	*NAP*	*NAP*	*NAP*
Totals	**$280,450,879**	**$280,450,879**	***81.9%***	**$280,450,879**	**$280,450,879**	***80.2%***	***$1,019,821***	***NAP***	***NAP***	***NAP***	***NAP***

Notes

1. Both 6-month extensions have been exercised and the final maturity date is 2/1/09.

2. The original Lehman senior loan commitment was $290,000,000. At the first maturity date (2/1/08), Lehman had funded $280,450,879. Lehman is not required to fund the remaining loan commitment during the loan extension period.

Knickerbocker

As of August 2008

Retained Position Summary

	Current Funded	*Fully Funded*	*Carry Value*	*Maturity*	*Amortization*	*Coupon / Spread*
Senior Loan	280,450,879	280,450,879	280,450,879	2/1/2009	NAP	L+250
Totals	**280,450,879**	**280,450,879**	**280,450,879**			-

Senior Loan Terms

Orig Bal	$255,000,000	**Coupon**	L + 250	**Up-Front Reserves/Guaranty**	
Current Funded	$280,450,879	**Spread**	L + 250	***Capital (TI/LC, Capex)***	NAP
Future Funding	$0	**LIBOR Cap** (*If applicable*)		***Unfunded TI/LC***	NAP
Fully Funded	$280,450,879	**Interest Payment Type**	Interest Only	***Other***	NAP
Maturity Date	2/1/2008	**Amortization**	None	**Guaranty**	Up to $100,000,000 for Bad Boy Acts
Extended Maturity (Executed)	$39,845	**Rate Type**	1-month LIBOR	**Cross-Collateralization**	NAP
Extension Provisions	0.50%				

Call Protection

Comments

The original Lehman senior loan commitment was $290,000,000. At the first maturity date (2/1/08), Lehman had funded $280,450,879. Lehman is not required the remaining loan commitment during the loan extension period. The two 6-months extensions where both executed at an extension fee of 0.25% each. The new maturity date is 2/1/09.

The Knickerbocker Building

Property Information

Property Name	The Knickerbocker Building	**Loan Purpose**	Acquisition / predevelopment
Address	Six Times Square, New York, NY	**Purchase Price**	$300,000,000
No. of Properties	1	**As-Is Appraised Value**	$300,000,000
Property Type	Office / General Use	**As-Is Appraised Value Date**	1/1/2007
Property Size	312,242 SF	**Stab. Appraised Value**	$674,000,000
Year Built / Renovated	1903	**Stab. Appraised Value Date**	1/1/2010
		In-Place NOI	$2,484,624
		In-Place NCF	NAP
In-Place Occupancy	NAP	**Stab. NOI**	NAP
Occupancy Date	NAP	**Stab. NCF**	NAP
Market Occupancy	NAP	**Cash Flow Date**	
Market Occupancy / Rents Date	NAP	**5 Yr Proforma NOI**	NAP
		YE 2009	NAP
Market Rents		***YE 2010***	NAP
		YE 2011	NAP
		YE 2012	NAP
		YE 2013	NAP

INTRAWEST

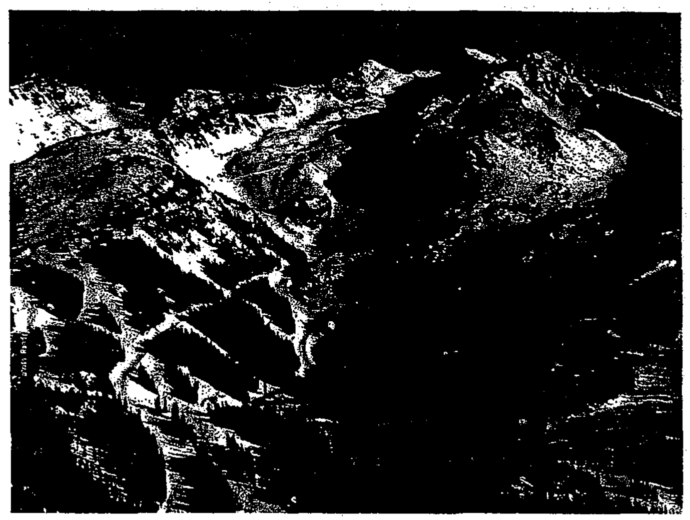
Wintergames Holdings S.à r.l.

$1.75 billion senior secured credit facilities to finance the acquisition of Intrawest by Fortress Investment Group

December 2006

Executive summary

The transaction



Whistler Blackcomb, a host venue for the 2010 Winter Olympic and Paralympic Games.

On October 26, 2006, Intrawest Corporation, a world leader in destination resorts and adventure travel, was acquired by Wintergames Holdings S.à r.l. (collectively with its newly acquired subsidiaries, "Intrawest" or the "Company"), a newly formed holding company owned by a series of funds managed by Fortress Investment Group LLC ("Fortress" or "Sponsor") in a transaction valued at $3.1 billion, including assumed debt and transaction costs (the "Transaction"). Fortress financed the Transaction through the contribution of $1.375 billion of cash equity and a $1.75 billion senior secured credit facility (the "Facility") that was jointly underwritten by Lehman Brothers Inc. ("Lehman"), Deutsche Bank Securities Inc. ("DB"), and Bear, Stearns & Co. Inc. ("Bear," and collectively with Lehman and DB, the "Joint Lead Arrangers").

Fortress acquired the outstanding common equity of Intrawest Corporation for $35.00 per share, which represented a 20% premium over the closing share price on February 27, 2006 (the last trading day before the Company announced its intention to pursue strategic alternatives). In addition to Fortress' substantial $1.375 billion cash equity contribution, the Transaction was financed with $1.551 billion drawn under the Facility, and the assumption of $149 million of existing debt. The Company's ratio of debt to total capitalization at close is very conservative at 55%. For the fiscal year ended June 30, 2006, Intrawest generated total EBITDA of $267.5 million.

The Facility consists of (i) a US$850 million senior secured term loan (the "LuxCo/US Term Loan"), (ii) a US$700 million senior secured term loan (the "CDN Term Loan" and collective with the LuxCo/US Term Loan, the "Term Loans"), and (iii) a $200 million multi-currency senior secured revolving credit facility (the "Revolver"). The Facility has an initial term of 364 days, with two 180 day extension options. Pricing during the first year is 200 basis points over LIBOR (or the applicable Eurocurrency under the Revolver), and the spread increases to 325 basis points during the second year. The first extension option requires payment of a 25 bps extension fee and at least $155 million of amortization of the Term Loans. The second extension option requires at least $235 million of cumulative amortization of the Term Loans. The Facility is cross-collateralized by ownership pledges of the "first-tier" subsidiaries within the organizational structure that are below the parent level. The Company is expected to provide lenders with additional pledges over all material subsidiaries of the Company by the end of January 2007. In the event that such additional security is not provided by this date, the Facility interest spread will increase by an additional 200 bps until such time as the additional security is provided. The Facility includes a conservative covenant package which provides for (i) mandatory paydowns from capital markets and asset sales proceeds, subject to certain exceptions, (ii) no equity distributions, and (iii) limited ability to incur additional indebtedness. The Facility was underwritten 40% by Lehman, 35% by DB, and 25% by Bear. The Facility is designed to be an interim, short-term financing to be repaid with proceeds from the permanent capitalization of Intrawest. The permanent capital structure is to be determined but may take the form of multiple separately financed companies, including one or more public companies. The Joint Lead Arrangers are now syndicating the Facility to a select group of financial institutions. The Facility provides investors with an excellent opportunity to participate in a conservatively structured financing for one of the leading destination resort businesses in the world with the strong financial sponsorship of Fortress, one of the leading investment management firms in the world.

Intrawest overview


Copper Mountain

Intrawest is the world leader in destination resorts and adventure travel. The Company's network of premier resorts, including Whistler Blackcomb, Tremblant and Stratton deliver an unparalleled array of guest experiences to more than seven million Intrawest customers worldwide. Founded in 1976, the Company has grown from a single ski resort operation in Canada into a global purveyor of award-winning adventure travel, luxury ski and year-round warm-weather resort experiences represented in 100 countries. Moreover, Intrawest has a proven track record of developing profitable real estate opportunities by capitalizing on the Company's deep understanding of how to combine the operational aspects of a resort with real estate development to create highly successful destination resorts. The unique combination of high-quality resort services and amenities with innovative residential and commercial real estate development delivers an integrated business model, the successful implementation of which is reflected in increased visitation, spending levels, return on assets and premium selling prices of real estate at resorts Intrawest has acquired and redeveloped.

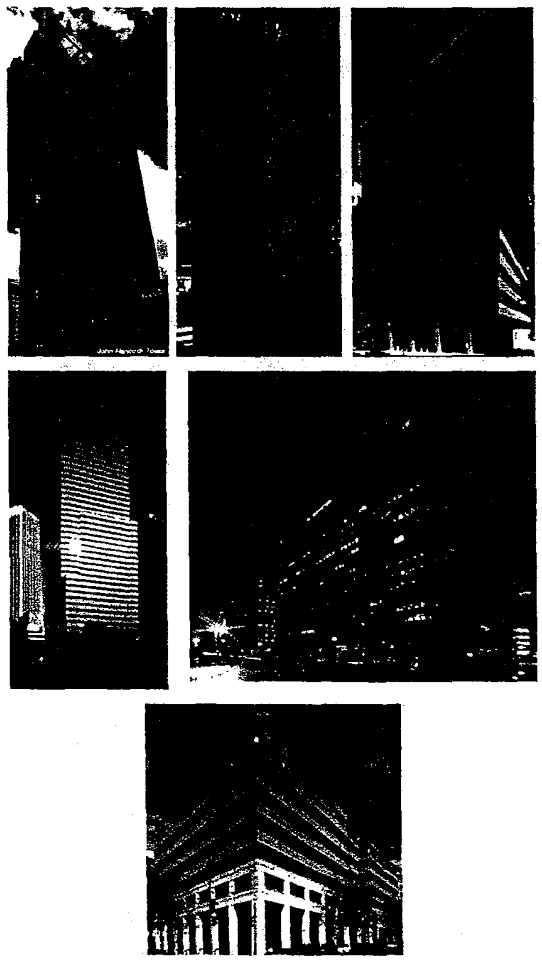
Sponsor overview

Fortress Investment Group is a global alternative investment and asset management firm founded in 1998 with approximately $26 billion in equity capital under management. Fortress is headquartered in New York, and its affiliates have offices in Dallas, Frankfurt, London, Rome, San Diego, Sydney and Toronto. Fortress has grown to become a leading private equity firm by acquiring attractive businesses and building them in partnership with management. The private equity funds focus on acquiring cash flowing asset-based businesses that offer (i) downside protection in the form of tangible collateral and diversified cash flows combined with (ii) significant upside potential from improvements to the operations, capitalization, and growth and strategic development of the underlying businesses. Sectors in which the Fortress private equity funds have been active investors include; financial services, residential and commercial real estate, senior living, transportation, energy and power, and media/telecommunications.

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

BROADWAY FUND II



$203,893,000 BRIDGE MEZZ

LEHMAN BROTHERS

Lehman Brothers financed the acquisition of 4,612,212 square foot portfolio of six Class A office buildings.

Transaction Overview

- GCFP and LBH provided $2.276 billion in fixed and floating rate funds (the "financing") to affiliates of Broadway Real Estate Partners ("Broadway," or the "sponsors") secured by six class-A office properties and one parking garage (the "properties") located in Boston, Washington, D.C., and Los Angeles.
- Broadway used the financing proceeds to acquire the properties from Beacon Capital Partners for an acquisition price of $2.408 billion. GCFP and LBH provided approximately $880.9 million in senior fixed rate debt (via three, uncrossed mortgages) secured by four buildings as well as $671.7 million in senior floating rate debt secured by three uncrossed office properties (see below for more property information and debt allocation).
- In addition to the six mortgage loans, GCFP and LBH provided a $723 million subordinate mezzanine loan secured by a Broadway affiliate's equity interests in the properties. GCFP and LBH have sold the two most senior and three most junior tranches (or portions thereof) to institutional accounts (see debt stack for details).
- The John Hancock Tower mortgage loan was securitized in the GCCFC 2007-GG9 transaction, the 2445 M Street mortgage loan was securitized in the LBUBS 2007-C2 transaction, the 1615 L Street mortgage loan was securitized in the GSMSC 2007-GG10 transaction and the senior investment grade participations of the 1888 Century Park East, Citigroup Center and 10 Universal City Plaza mortgage loans were contributed to the LB 2007-LLF C5 transaction.

Portfolio Summary

- The following table summarizes the properties of the portfolio.

Property Name	Fixed Floating	SF	Occupancy	Appraised Values	PSF	Asset Level Debt	LTV
2445 M Street	Fixed	295.233	100.00%	227.000,000	*769*	101,865,572	*44.9%*
1615 L Street	Fixed	414,195	95.50%	221,000,000	*534*	138,613.339	*62.7%*
John Hancock Complex	Fixed	1,755,398	99.60%	1,281,000,000	*730*	640,500,000	*50.0%*
10 Universal City Plaza	Floating	771,277	97.20%	393,000,000	*510*	294,750,000	*75.0%*
Citigroup Center	Floating	882,972	86.90%	296,000,000	*335*	211,347.262	*71.4%*
1888 Century Park East	Floating	493,137	70.40%	232,000,000	*470*	165,650,557	*71.4%*
Total	-	**4,612,212**	**93.30%**	**2,650,000,000**	***575***	**1,552,726,730**	***58.6%***

1. Asset Level Debt does not include future fundings. $9 MM for Citigroup Center and $11 MM for 1888 Century Park Ea

2. Broadway's interest in 10 UCP and 1888 CPE is 80% and 65%, respectively

3. All proceeds were co-originated by LB (49%) and Greenwich Capital (51%)

- Broadway purchased a 100% interest in all the properties except for 10 Universal City Plaza and 1888 Century Park East in which Broadway acquired 80% and 65% interests, respectively. For these two assets, the minority partner is the Blackstone Group (through its purchase of Carr America.).
- The trophy-office portfolio was constructed between 1970 (1888 Century Park East) and 1984 (1615 L Street and 10 Universal City Plaza), and consists of 4.6 million sf located in the CBDs of Boston, Los Angeles, and Washington, D.C. The office portion is currently 93.3% leased with more than 50% of the space occupied by creditworthy tenants such as, Wells Fargo, NBC (GE), Universal Music Group, and Investors Bank & Trust Company.
- Beacon Capital Partners was previously the portfolio manager and maintained it to institutional standards with little deferred maintenance.

Background / Business Plan

- The properties were previously owned by Beacon Capital Partners (a private REIT) in their Fund II and were marketed for sale to a variety of U.S. investors (primarily public REITS, real estate funds and pension fund portfolio managers). The transaction was structured as a reverse merger in which Broadway essentially bought the private REIT, including all of its assets and liabilities.
- In addition to the purchase price of $2.408 billion, there was an additional $165 million of additional capital required at closing to fund reserves and transaction costs. At closing, total costs were $2.573 billion to which Broadway contributed approximately $414 million of equity. Broadway subsequently contributed an additional $24.48 million in order to extend the mezzanine loan to its first extended maturity date, bringing total costs through June 2008 to $2.598 billion ($2.62 billion inclusive of estimated reserve replenishment for the second extension period beginning July 2008).[1]
- The sponsors believe that the subject portfolio value has increased by more than ~$300 million since acquisition. This valuation increase is based on a combination of market metrics improving, particularly in Boston and Washington, D.C., as well as a few reverse inquiries from potential buyers of the portfolio assets who have given indications of interest their purchase.
- The sponsors' business plan to pay down the mezz is three-fold: 1) sell all of the REIT shares in each asset, essentially selling the assets outright to another buyer, 2) sell some of the other assets in the Broadway Fund II or sell the fund outright, or 3) raise institutional equity by selling REIT shares in each, while retaining some form of ownership in some or all of the REITs (properties) (i.e. partial sale). The Broadway Fund II is essentially closed, and in order to paydown the mezz, Broadway could liquidate the other assets in Broadway Fund II. The sponsors are unable to actively market the assets for sale as a result of the REIT safe harbor rules, but can take unsolicited bids for the assets as well as potentially quietly market the assets for sale.

Sponsorship

- Broadway Partners, founded in 1999, is a private real estate investment and management firm headquartered in New York City. The firm invests in high quality office properties in select markets nationwide, including Washington D.C., New York, Connecticut, California, Florida, Michigan, Massachusetts, Illinois, and Pennsylvania. Since 2000, Broadway Partners has acquired office assets with a value in excess of $15.0 billion.

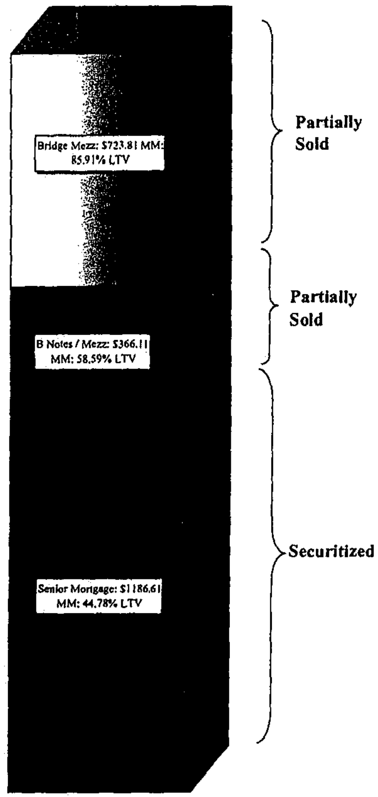
Loan Terms (Bridge Mezz)

- The loan has a term of 12 months with two, six-month extension options. The final maturity date is 6/1/2009.
- The loan bears an interest rate of L + 394 bps.
- Borrower originally established a debt service reserve of $64.6 million. In order to extend the loan to its first extension, borrower replenished the debt service reserves to $24.5 million, TI/LC reserves to $9.2 million and capex reserves to $1.26 million. In conjunction with the second extension, the borrower will be required to replenish reserves to $19.1MM for debt service, $35MM for TI/LC, and $5.3MM for capex (inclusive of amounts remaining in the existing reserve accounts).
- Property releases are permitted provided that (i) the corresponding mortgage loan has been paid in full in accordance with the loan documents, (ii) the mezzanine loan is prepaid by an amount equal to the greater of (x) 100% of the property's net proceeds from such sale (after payment in full of such mortgage loan) and (y) 105% of the property's allocated mezzanine loan amount and (iii) such release(s) otherwise complies with standard release conditions.

[1] The Broadway purchase contract included four other assets, 1125 17th Street in Denver, CO, the Berkley and Brown buildings and The Newbry in Boston, MA, which were excluded from this transaction. Broadway was originally going to purchase the entire portfolio, inclusive of, Berkley and Brown buildings, 1125 17th Street and The Newbry for a price of $3.426 billion. Broadway sold the Berkley and Brown buildings, 1125 17th Street and The Newbry simultaneously with closing, for $94 million greater than their allocated purchase prices. Profits from the sale were applied to the $320 million equity needed to acquire the remaining subject portfolio. It is also important to note that by liquidating the Beacon Fund II REIT, the properties' tax cost basis was stepped up, so that a subsequent sale would be on the stepped up basis, not Beacon's original basis.

Broadway Fund II

Debt Stack (Fully Funded): $2.296 bn



Cap Structure	Loan Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Loan Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV	Loan / SF (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior Mortgage: Securitized	$1,186,613,339	$0	*44.8%*	$1,186,613,339	$0	*44.8%*	*$257*	*9.13%*	*10.7%*	1.84x	2.16x
B Notes / Mezz: Partially Sold	$366,113,391	$91,383,931	*58.6%*	$386,113,391	$101,183,931	*59.3%*	*$341*	*6.98%*	*8.1%*	1.41x	1.63x
Bridge Mezz: Partially Sold	$723,806,033	$203,893,000	*85.9%*	$723,806,033	$203,893,000	*86.7%*	*$498*	*4.76%*	*5.5%*	0.87x	1.01x
Totals	**$2,276,532,763**	**$295,276,931**	***85.9%***	**$2,296,532,763**	**$305,076,931**	***86.7%***	***$498***	***4.76%***	***5.54%***	***0.87x***	***1.01x***

Property Type	Office	
Location	Various, Various	
Occupancy	93.30%	
Total Units	4,612,212 SF	
As-Is Appraised Value (Dec-06)	$2,650,000,000	*$575 / SF*
Total Debt (Fully Funded)	$2,296,532,763	*$498 / SF*
Original Maturity	6/1/2008	
Extended Maturity	6/1/2009	

Notes

1. The loan maturities are for Bridge Mezz only.

2. Coverages are based on the LIBOR rate of 2.50%

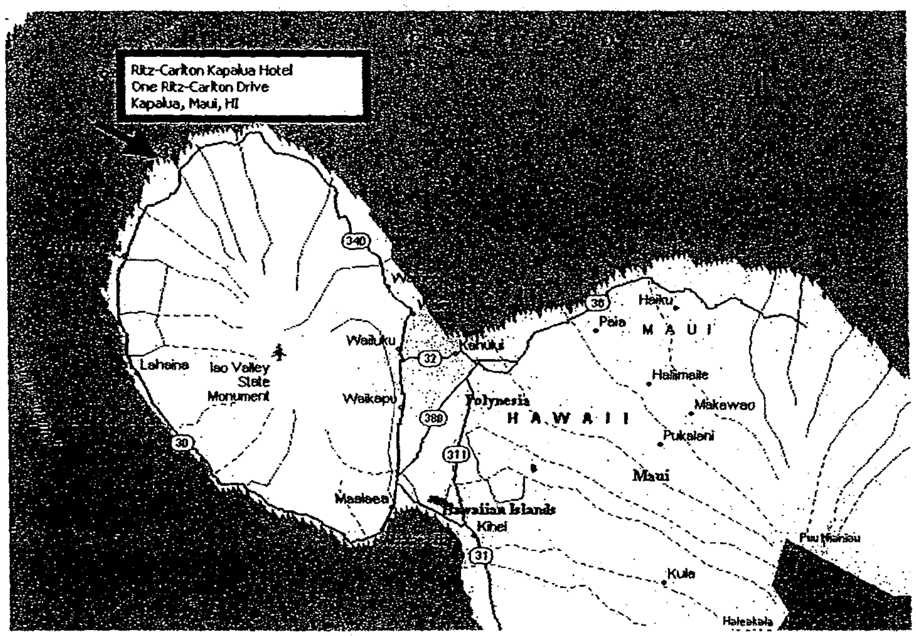
3. All proceeds were co-originated by LB (49%) and Greenwich Capital (51%)

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

RITZ-CARLTON KAPALUA HOTEL

MAUI, HI 96761


Ritz-Carlton Kapalua Hotel
One Ritz-Carlton Drive
Kapalua, Maui, HI
340
30
32
380
311
31
Lahaina
Iao Valley State Monument
Wailuku
Waikapu
Maalaea
Kahului
Paia
Haiku
M A U I
Haliimaile
Makawao
Polynesia
H A W A I I
Pukalani
Maui
Hawaiian Islands
Kihei
Kula
Haleakala

LEHMAN BROTHERS Real Estate Group Ritz-Carlton Kapalua Hotel

Lehman Brothers financed the acquisition, renovation and partial condominium-hotel conversion of the Ritz-Carlton Kapalua, a luxury hotel located in Kapalua, Maui, Hawaii.

Transaction Overview

- Lehman Brothers originated a $271,700,000 floating rate loan ("Floating Rate Loan") in March 2007, split into a $232,426,079 senior loan and a $39,273,921 mezzanine loan. Additionally, Lehman Brothers invested $1,928,574 of equity in the transaction in May 2008.
- The senior and mezzanine loans' proceeds were used by a partnership formed between Gengate (Gencom Group and Highgate Holdings), Whitehall Global Real Estate Limited Partnership, Maui Land & Pineapple Company and Lehman Brothers (collectively, "Borrower" or "Sponsor") for the acquisition, full renovation and partial condominium-hotel conversion of the Ritz-Carlton Kapalua (the "Property").
- Ownership share: Gengate – 28.87%, Whitehall – 51.07%, ML&P – 15.96%, Lehman Brothers – 4.10%

Sources & Uses

	Balance as of Aug 08		Committed			Balance as of Aug 08	Total Cost	
Sources		LTC		LTC	Uses			%
Lehman Senior Loan*	$223,347,147	*57.9%*	$232,426,079	*55.9%*	Land Cost	$212,540,052	$212,540,052	*51.2%*
Lehman Mezzanine Loan*	37,739,819	*67.7%*	39,273,921	*65.4%*	Construction Cost	88,908,590	100,965,943	*24.3%*
Marriott FF&E Loan	5,000,000	*69.0%*	5,000,000	*66.6%*	FF&E / OS&E	23,097,197	23,161,836	*5.6%*
Marriott Jr. Mezzanine Debt	20,000,000	*74.2%*	20,000,000	*71.4%*	Hotel Operating Deficit	8,281,592	8,281,592	*2.0%*
Whitehall Partnership Loan	6,850,000	*75.9%*	6,850,000	*73.1%*	Prof. / Municipal Fees	16,470,003	16,838,552	*4.1%*
Gencom Equity	13,570,138	*79.4%*	13,570,138	*76.3%*	Marketing Expenses	2,996,379	3,075,521	*0.7%*
Whitehall Equity	24,007,802	*85.7%*	24,007,802	*82.1%*	Sales Costs	3,645,691	3,994,235	*1.0%*
ML&P Equity	7,500,000	*87.6%*	7,500,000	*83.9%*	Interest	23,787,442	32,555,610	*7.8%*
Lehman Equity	1,928,574	*88.1%*	1,928,574	*84.4%*	Insurance & Tax	4,646,764	5,997,365	*1.4%*
FF&E Reserve	1,400,000	*88.5%*	3,100,000	*85.1%*	Developer Fee/Partnership Cos	7,557,201	4,849,983	*1.2%*
Marriott Key Money	5,000,000	*89.8%*	5,000,000	*86.3%*	Park Fee Bond	3,190,481	3,190,481	*0.8%*
Interest from Reserve	545,463	*89.9%*	545,463	*86.5%*	Equity Available Capital	1,281,602	0	*0.0%*
CHM settlement	2,700,000	*90.6%*	2,700,000	*87.1%*				
Sales Proceeds**	36,201,019	*100.0%*	53,549,193	*100.0%*				
Totals	**$385,789,961**		**$415,451,170**		**Totals^**	**$396,402,996**	**$415,451,170**	100.0%

** LB loan was fully funded and is now being paid down by sales proceeds after filling a series of reserves.*

*** A portion of in-coming net sales proceeds is funding a construction shortfall reserve and interest reserve.*

^ The Uses Balance as of Aug 08 Total is equal to the Sources Balance as of Aug 08 Total with the fully funded Lehman loans

- On May 28th, 2008 Gencom Group and Lehman purchased a 5.47% equity share for $2,571,432. Gencom Group contributed $642,858 and Lehman contributed $1,928,574.

Property Information

- The Property consists of a 463-room first class luxury beach resort situated on a fee-simple 50-acre oceanfront site. The hotel is one of only four five-diamond resorts in Hawaii and features over 33,000 sf of meeting space, six food & beverage outlets (including a AAA Four-Diamond signature restaurant), a three-tiered swimming pool, retail shops and a 17,500 sf fitness center and spa. The Property is surrounded by three 18-hole championship golf courses.
- The Property also includes 150,000 sf of outdoor meeting and banquet space. Having the largest permanent outdoor ballroom in Hawaii, serves as a competitive advantage for the Property in catering to large groups.
- The Property is constructed in a "U" shaped layout with the guestroom wings reaching towards the ocean from the main building base, placing all the dining and activities in the center. The west-wing of 297 rooms has remained as hotel rooms and has recently undergone an extensive renovation. The east-wing has been converted and fully renovated into 107 condo-hotel units, which represent 166 available hotel rooms. Condo-hotel units began sales in March 15, 2008 (see sales data table below).
- All guestrooms feature first-class fixtures and amenities, lanai balconies and four-fixture marble bathrooms.
- The hotel's extensive renovation plan also features a new 17,500 sf spa and fitness center that includes 15 spa treatment rooms, a full array of weight-training and cardio equipment, and fitness classes.

Location / Market

- Hawaii is one of the world's most unique and top destinations given its central location between the U.S. and Asia. Hawaii offers visitors a highly sought-after lifestyle, a great collection of the world's best beaches within a resort playground, and warm weather all year-round. Hawaii's state economy is driven mainly by the tourism industry, military spending, and agriculture production.
- Maui is the second largest Hawaiian Island and has consistently ranked as one of the top island destinations in the world. It has been voted the best island in the world 13 times by Condè Nast Traveler. In addition to the beaches, renowned golf, hiking, warm climate and water-sports, Maui also offers world-class windsurfing and whale watching. Maui gets the most sunshine of all the Hawaiian Islands and its annual rainfall results in a lush and flourishing landscape. The Property is located on the 1,650-acre Kapalua Resort Community between D.T. Fleming Beach and Oneloa Bay. The Kapalua Resort Community features, 700 residential units, a championship tennis facility and three 18-hole award-winning golf courses that are home to the PGA Tour's Mercedes Championship.
- The Property competes with six other resorts on Maui: Sheraton Hotel Maui (Ka'anapali), Ka'anapali Beach Hotel, Hyatt Regency Maui Resort, Prince Hotels Maui Makena Resort (Kihei), Waldorf-Astoria Grand Wailea Resort (Kihei) and Westin Maui (Ka'anapali). Given the Property's already strong reputation, the successful execution of the Sponsor's business plan should allow the Property to significantly improve its performance in its competitive set.

Sponsorship:

- Lehman has had a successful relationship and proven track record with Gencom Group, particularly with Ritz-Carlton development projects such as Ritz-Carlton Key Biscayne, Ritz-Carlton Bachelor Gulch, Ritz-Carlton Molasses Reef Turks & Caicos and the Ritz-Carlton Residences Philadelphia. Lehman has also recently worked with ML&P on the Kapalua Bay Ritz-Carlton Club and Residences project.
- Gencom Group is an investment and development firm specializing in the hospitality and related real estate industries. Founded in 1987, the organization is led by Karim Alibhai. The company is headquartered in Miami, Florida and has a regional office in Houston, Texas. Gencom has expertise and experience in the hospitality industry, having focused its activities primarily on the acquisition, ownership, development, leasing and management of hotel properties throughout the United States, Canada and Mexico. Gencom's successful track record is proven by its ability to make acquisitions, turnaround distressed and under-performing assets, re-position and improve management, and implement creative financing strategies. Its strategic vision, creative approach and entrepreneurial spirit have consistently produced excellent results. Gencom has invested in more than 100 hotel transactions over the past 17 years and has been an active client and equity partner of Lehman Brothers. Since the beginning of the Gencom and Lehman Brothers relationship in 1998, approximately 35 deals with a value in excess of $1.9 billion have been completed together.
- Highgate Holdings is a privately held investment firm whose principal investment activities focus on real estate and public market ownership. The company has offices in Dallas, New York and Vancouver, British Columbia, Canada. Highgate Holdings has had significant involvement in the lodging sector and has completed many transactions with Lehman Brothers. Highgate's investments include hotels, office buildings, residential projects, industrial complexes as well as significant positions in both public and private corporations.
- The Whitehall Funds are a family of opportunistic real estate funds sponsored and managed by Goldman Sachs. The Funds invest in real estate companies, projects, loan portfolios, debt recapitalizations and direct property. Since the Whitehall Funds' inception in 1991, Goldman Sachs, through the Real Estate Principal Investment Area, has raised approximately $15 billion of equity in nine funds. Through December 31, 2004 Whitehall has made investments of approximately $84 billion in total cost across 19 countries. The Whitehall Funds have significant experience as buyers of underperforming hotel and resort assets.
- Maui Land & Pineapple, Inc. is a land-holding and operating company. ML&P owns approximately 28,600 acres on the Island of Maui, of which about 8,400 acres are used directly in the company's operations. ML&P is publicly held and traded on the American Stock exchange (MLP). Maui Pineapple Company, Ltd. is the operating subsidiary for their large-scale pineapple operations, which supplies pineapple products to nationwide supermarkets and food service suppliers. Kapalua Land Company, Ltd. is the development and operating subsidiary for ML&P's luxury destination resort community in West Maui.

Current Status / Business Plan

- Condo proceeds will be used to fund multiple reserves for construction and interest and then to pay down the senior loan to $150.0M; at that point the Borrower is expected to refinance or sell the hotel, paying off the remaining balance of the loan.

RESIDENTIAL SALES	Sold	Proceeds	Avg $/SF	Pace
Sold	32	$68,410,000	$1,803	5.8
Under Contract	2	$3,330,000	$1,517	N/A
Remaining	73	$133,113,960	$1,584	N/A
GRAND TOTAL	**107**	**$204,853,960**	**$1,650**	N/A

- The entire hotel was closed from July 2007 to December 2007 for the extensive renovation and conversion. The hotel had its soft opening on December 24, 2007, but the grand opening wasn't until June 16, 2008 when all construction and renovation was completed.

Operating Performance	2006	June 2007 YTD^	July 2008 YTD*	2008 Budget (F)*
Occ	78%	79.43%	59.49%	56.70%
ADR	$302.57	$291.38	$364.47	$359.56
RevPAR	$235.97	$231.44	$216.82	$203.87
Revenue	$85,706,311	$43,647,719	$41,739,000	$65,028,000
Expenses	$76,560,926	$37,164,826	$42,610,000	$68,076,000
NOI	$9,145,385	$6,482,893	($871,000)	($3,048,000)

^ *The hotel was closed for renovation and conversion in July 2007 until December 2007.*

* *The hotel had its soft opening on December 24, 2007 and the grand opening was on June 16, 2008. The lower property cash flows reflect a ramping up period in the hotel operations.*

(F) Sponsor's July 2008 reforecast

- The Sponsor is in the planning stages to build additional residential product on the remaining acreage of the 50-oceanfront acre site.

Strengths

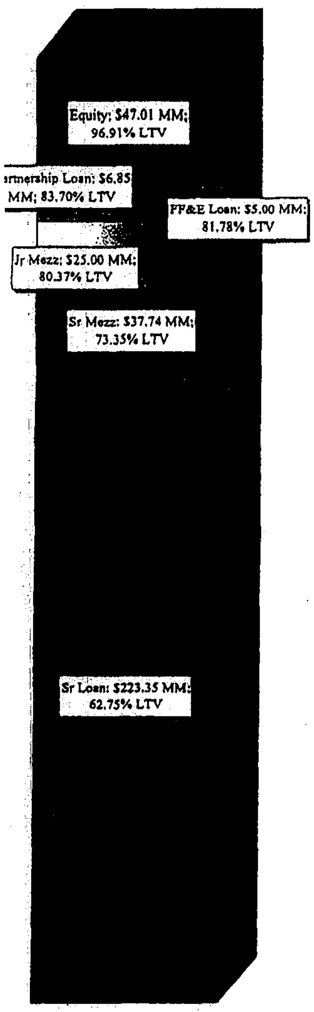
- Gencom, Highgate and Whitehall are all very experienced hotel investors and have enjoyed a long and successful relationship with Lehman Brothers.
- The development of high-end residential condominiums at the neighboring Ritz-Carlton Club and Residences, Kapalua Bay will enhance the reputation and marketability of the Property.
- Barriers to entry are very high in this market given high development costs and lengthy government approval processes.

Considerations

- Given the status of the US economy, the sales pace for the condominium-hotel units may slow down.
    - *Mitigant:* Maui has consistently ranked as one of the top island destinations in the world, and Ritz-Carlton is internationally recognized as a luxury brand. These aspects of the project should make the residential units more resistant to price fluctuation than non-branded vacation residences.

Ritz Kapalua Hotel

Total Cap (Fully Funded): $344.94 MM



Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	LTV	Loan / Room (Current Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Sr Loan	$223,347,147	$223,347,147	*62.7%*	*$534,323*	*NAP*	*NAP*	*NAP*	*NAP*
Sr Mezz	$37,739,819	$37,739,819	*73.3%*	*$624,610*	*NAP*	*NAP*	*NAP*	*NAP*
Jr Mezz: Marriott	$25,000,000	$0	*80.4%*	*$684,419*	*NAP*	*NAP*	*NAP*	*NAP*
FF&E Loan: Marriott	$5,000,000	$0	*81.8%*	*$696,380*	*NAP*	*NAP*	*NAP*	*NAP*
Partnership Loan: Whitehall	$6,850,000	$0	*83.7%*	*$712,768*	*NAP*	*NAP*	*NAP*	*NAP*
Equity: LB/Gencom/ Highgate/Whitehall	$47,006,514	$1,928,574	*96.9%*	*$825,224*	*NAP*	*NAP*	*NAP*	*NAP*
Totals	**$344,943,480**	**$263,015,540**	*96.9%*	*$825,224*	*NAP*	*NAP*	*NAP*	*NAP*

Property Type	Hotel & Condominium	
Location	Kapalua, HI	
Total Units	418 Rooms	
Appraised Value (Jan-10)	$355,951,402	*$851,558 / Room*
Original Maturity	2/27/2009	
Extended Maturity	2/27/2012	

Notes

1. Since closing, 32 condominium units have been sold for a total of $68,410,000 of sales proceeds, which is partially paying down the loan.Currently 29 units have been applied to the waterfall payout, the remaining proceeds are held at Trimont to be processed through the waterfall.

2. Appraised Value Calculation: $252.00M (Hotel stab. appraised value) + $142.60M (full condo sell-out value) - $38.65M (appraised value of 29 sold condo units) = $355.95M

3. The appraisal was completed in February 2007.

4. Total Units Calculation: 297 hotel rooms + 166 hotel rooms (representing 107 condo units) - 45 hotel rooms (representing 29 sold condo units) = 418 Rooms

The Ritz-Carlton Kapalua Hotel

As of August 2008

Retained Position Summary

	Current Funded	*Fully Funded*	*Carry Value*	*Maturity*	*Amortization*	*Coupon / Spread*
Senior Loan	223,347,147	223,347,147	223,347,147	2/27/2009	NAP	L+300
Sr. Mezzanine Loan	37,739,819	37,739,819	37,739,819	2/27/2009	NAP	L+300
Bridge Mezz A 1	0	0	0	NAP	NAP	NAP
Bridge Mezz B 1	0	0	0	NAP	NAP	NAP
Totals	261,086,966	261,086,966	261,086,966			-

Senior Terms

Orig Bal	$232,426,079	**Coupon**	L + 300	**Up-Front Reserves/Guaranty**	
Current Funded	$223,347,147	**Spread**	L + 300	*Capital (TI/LC, Capex)*	NAP
Future Funding	$0	**LIBOR Cap** *(If applicable)*		*Unfunded TI/LC*	NAP
Fully Funded	$223,347,147	**Interest Payment Type**	Interest Only	*Other*	NAP
Maturity Date	2/27/2009	**Amortization**	None	**Guaranty**	NAP
Extended Maturity	2/27/2012	**Rate Type**	1-month LIBOR	**Cross-Collateralization**	NAP

Extension Provisions First extension option has no fee; the second and third extension options are at 0.125% and .25% respectively

Call Protection

Comments Senior Loan was fully funded and is now being paid down pro-rata with the Mezzanine Loan by sales proceeds after filling a series of reserves.

Sr. Mezz Terms

Orig Bal	$39,273,921	**Coupon**	L + 300	**Up-Front Reserves/Guaranty**	
Current Funded	$37,739,819	**Spread**	L + 300	*Capital (TI/LC, Capex)*	NAP
Future Funding	$0	**LIBOR Cap** *(If applicable)*		*Unfunded TI/LC*	NAP
Fully Funded	$37,739,819	**Interest Payment Type**	Interest Only	*Other*	NAP
Maturity Date	2/27/2009	**Amortization**	None	**Guaranty**	NAP
Extended Maturity	2/27/2012	**Rate Type**	1-month LIBOR	**Cross-Collateralization**	NAP

Extension Provisions First extension option has no fee; the second and third extension options are at 0.125% and .25% respectively —

Call Protection

Comments Mezzanine Loan was fully funded and is now being paid down pro-rata with the Senior Loan by sales proceeds after filling a series of reserves.

The Ritz-Carlton Kapalua Hotel

Waterfall

		Maximium Reserve Amount	Paid-To-Date	Comments
Step 1	Construction Shortfall Reserve	10,000,000	10,000,000	
Step 2	Interest Reserve	8,000,000	8,000,000	Step 1 must be completely filled prior to Step 2.
Step 3	Construction Shortfall Reserve	20,000,000	20,000,000	Step 2 must be completely filled prior to Step 3.
Step 4	Construction Shortfall Reserve	17,000,000	6,239,061	10% of all net sales proceeds will fill this bucket until it reaches a maximimum of $17.0M. For the remaining 90% see Step 5.
Step 4b	Whitehall Loan	6,850,000		After the full $17.0M in Step 4 is filled and after all construction shortfall costs have been paid for, then the remaining funds in Step 4 may be used to pay down the Whitehall fund. If there are not enough funds to pay off the loan, the loan does not need to be repaid.
Step 5	Lehman Senior & Mezz Loan Pay Down	121,700,000	10,613,034	The remaining 90% of net sales proceeds will paid down the Lehman Senior and Mezz loans pro-rata until the combined total outstanding loan balance is $150.0M.
Step 6	DSCR Test Reserve	1.3x		A DSCR Reserve must be filled to meet a 1.3 times coverage on a $150.0M loan.
Step 7	MI Jr. Mezz	10,000,000		The $20.0M Marriott Mezzanine loan will be paid down to $10.0M.
Step 8	Construction Defect	2.0%		2% of all gross sales proceeds will be reserved for design or construction defect claims.
Step 9	MI Jr. Mezz	10,000,000		The remaining $10.0M Marriott Mezzanine loan balance will be paid down completely.
Step 10	Indemnification Reserve (MI)	5,000,000		Reserved to pay for unit owner indemnification obligations.
Step 11	FF&E Loan (MI)	5,000,000		Pay down Marriott's FF&E loan.
Step 12	DSCR Test Reserve	1.3x		A DSCR Reserve must be filled to meet a 1.3 times coverage on a $150.0M loan.
Step 13	Equity Distribution			

The Ritz-Carlton Kapalua Hotel

Property Information

Property Name	The Ritz-Carlton Kapalua Hotel	**Loan Purpose**	Acquisition, renovation & partial condo-hotel conversion
Address	One Ritz-Carlton Drive, Kapalua, Hawaii	**Purchase Price**	$212,540,052
No. of Properties	1	**As-Is Appraised Value**	NAP
Property Type	Hotel and Condo-hotel	**As-Is Appraised Value Date**	NAP
Property Size	297 hotel rooms & 107 condo-hotel units	**Stab. Appraised Value***	$355,951,402
Year Built / Renovated	1914 / 2008	**Stab. Appraised Value Date**	1/1/2010 - Hotel
		** (Hotel) $252.0M + (107 Condo-Hotel Units) $142.6M - (29 Condo-Hotel Units) $38.6M = $356.0M*	
		In-Place NOI (July 2008 YTD)	-$871,000
		In-Place NCF	NAP
In-Place Occupancy (July 2008 YTD)	59.49%	**Stab. NOI**	$19,086,000
Occupancy Date	July 2008 Year To Date	**Stab. NCF**	NAP
Market Occupancy	NAP	**Cash Flow Date**	2010
Market Occupancy / Rents Date	NAP	**5 Yr Proforma NOI**	
		YE 2009	$17,797,000
Market Rents	NAP	***YE 2010***	$19,086,000
		YE 2011	$19,658,000
		YE 2012	$20,249,000
		YE 2013	$20,855,000

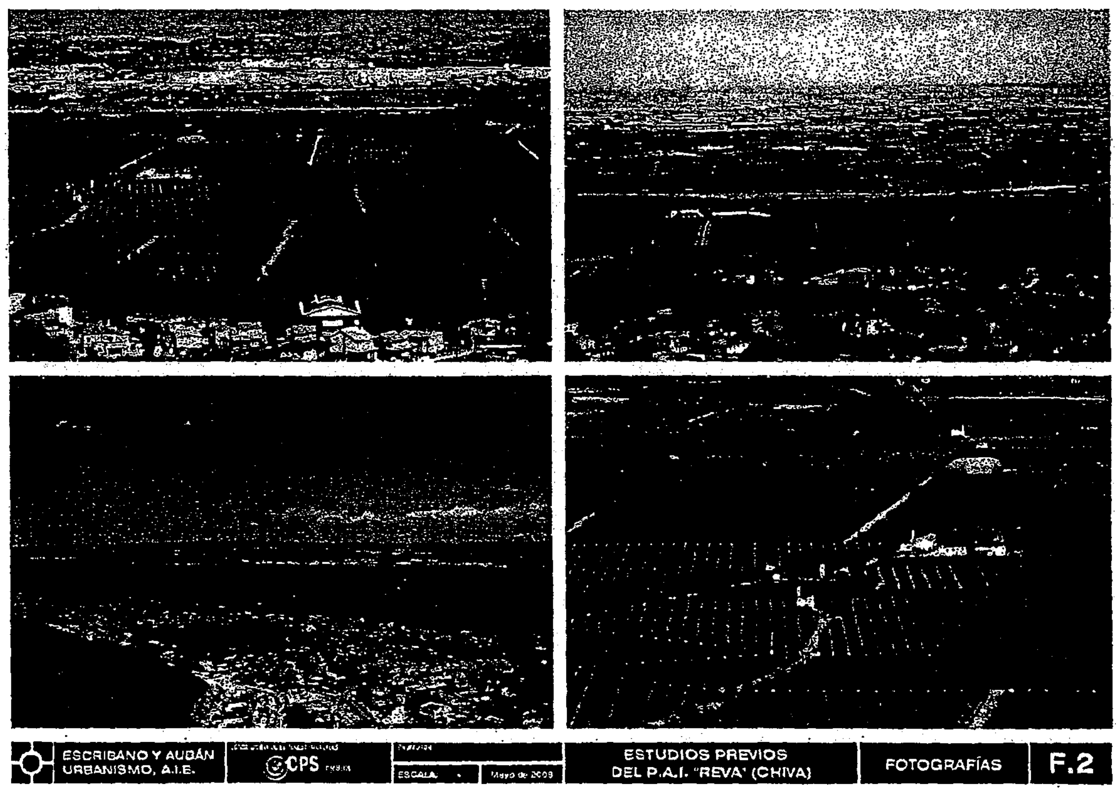
Supplemental Property Information

Is the Hotel Flagged?	Ritz-Carlton
For Hotel, Average Daily Rate (ADR)	$364.47
For Hotel, Revenue per Avail Room ($) (RevPar)	$216.82

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

REVA



VALENCIA, SPAIN

LEHMAN BROTHERS Real Estate Group Reva

$128.1MM Senior Loan and $85.2MM Equity

Lehman Brothers acquired the Reva Land, a 3.5 million square meter, Agricultural Land Site, in Valencia, Spain, which is in planning process for a major mixed use "new town" concept for expansion of Valencia..

Transaction Overview

- Lehman Brothers acquired the Reva Land (the "Property") in January 2008.
- The acquisition was financed with a $128,084,010 floating rate loan and $85,228,328 Lehman Equity.
- Based on the total acquisition cost (at closing) of $213.3 million, the LTC for the Senior Loan is 60.0%

Sources and Uses of Funds						
Sources	Amount	LTV	PSM	Uses	Amount	PSM
Senior Loan	128,084,010	60.0%	36.22	Purchase Price	196,380,833	55.53
Equity Lehman	85,228,328	100.0%	24.10	Acquisition Costs	6,718,387	1.90
		100.0%		Interest Resverves	10,213,118	2.89
Total Sources	213,312,338			Total Uses	213,312,338	

Property Information

- The Property is currently vacant agricultural land with no income in place.
- The Land is situated in what is considered to be the natural expansion corridor for the city of Valencia (the "Chiva Area").
- Reva owns 40% of the Chiva Area or approx. 7 million sqm. Lehman Brothers owns 50%, or 3.5million sqm of Reva.
- The plans for rezoning of the Chiva Area are supported by a need for considerable expansion of urban space within the region of Valencia due to the current growth rate in the population of the city and lack of other suitable sites (other areas surrounding the city are either protected or are too hilly, making this a natural expansion corridor).

Location / Market

- The Land sits on the outskirts of Valencia and is prime area for the expansion of Valencia.
- Valencia has undergone a major development of the Harbor area for the very successful 2007 America's Cup.
- It will also host its first Formula 1 Grand Prix in Aug 2008 after building of major new track around the City.
- Annual residential take-up has been 7,000 units per annum.

Sponsorship

- Lehman Brothers was original lender to Llanera (Spanish Residential developer) on their original purchase. Llanera went into receivership by the end of 2007 and as part of the restructuring of the company Lehman took 100% of deal and re-structured debt and equity in the transaction.

Current Status / Business Plan

- We are working with local Spanish Bank and investors who own the adjoining 3.5 million square meters of Land.
- Planning is currently being sought for a major mixed use "new town" concept of Residential, Industrial, Recreational and new town square, with following timeline:
    - Concept is to Deliver Master Plan concept to local planning committee by end September 2008
    - Acceptance by local planners – December 2008
    - Submission by local planners to Regional level - March 2009
    - Feedback from Regional Level – Second Half 2009
- Going for a higher diversification, one third of each use: 33% residential (14,000 units), 33% commercial and 33% industrial/logistics

Strengths

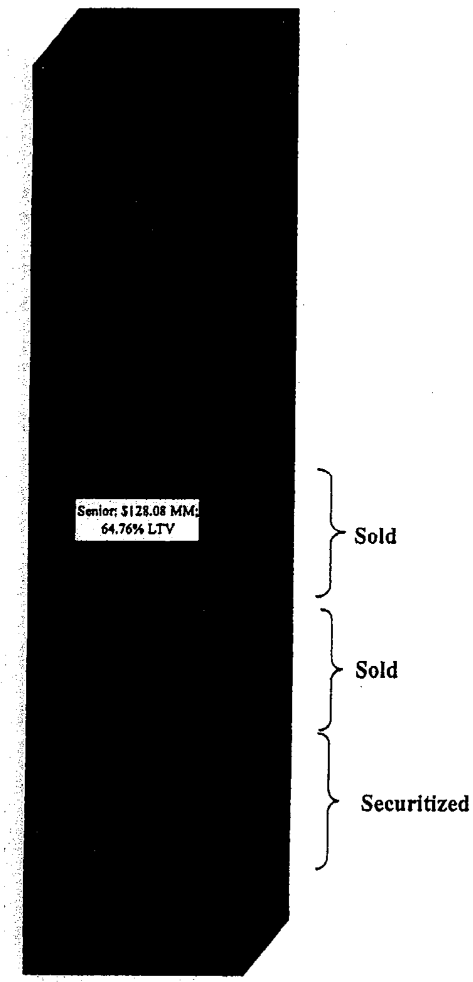
- Excellent location benefiting from close distance from Valencia City and the Manises airport.
- The land is unique and distinct in the fact that it represents the last large development opportunity in the Valencia region.
- Large surface area owned by only few and defined owners.
- The rezoning of Reva has a high level of support at both town hall and regional level and across all political parties.

Considerations

- The Property will generate no income
    - Mitigant: Important profit potential
- Property zoned as rustic land with a long planning process pending.
    - Mitigant: Important profit potential

ꝛeva

ebt Stack (Fully Funded): $128.08 MM



FLOATING-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	Available Balance (Current Funded)	As-Is LTV	Loan / Square Metre (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior:	$128,084,010	$128,084,010	*64.8%*	*$36*	*0.00%*	*0.0%*	0.00x	0.00x
Totals	**$128,084,010**	**$128,084,010**	*64.8%*	*$36*	*0.00%*	*0.00%*	*0.00x*	*0.00x*

REVA

As of 31 August 2008

Retained Position Summary

	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
Senior Debt	87,000,000	87,000,000	85,423,695	1/3/2009	NAP	3 mth Eurobor + 2.0%
VAT Facility	21,342,416	21,342,416	20,955,724	12/1/2009	NAP	3 mth Eurobor + 1.0%
Equity	55,890,634	57,890,634	55,890,634			
Totals	164,233,050	166,233,050	162,270,053			

Senior Debt

Orig Bal	87,000,000	Coupon	3 mth Eurobor + 2.0%	Up-Front Reserves/Guaranty	
Current Funded	87,000,000	Spread	2.00%	*Capital (TI/LC, Capex)*	NAP
Future Funding	0	LIBOR Cap (*If applicable*)	NAP	*Unfunded TI/LC*	NAP
Fully Funded	87,000,000	Interest Payment Type	Quarterly	*Other*	NAP
Maturity Date	1/3/2009	Amortization	NAP	Guaranty	LB 18 mth Interest
Extended Maturity	1/3/2012	Rate Type	Floating	Cross-Collateralization	NAP
Extension Provisions					
Call Protection	NAP				
Comments					

VAT Facility

Orig Bal	21,342,416	Coupon	3 mth Eurobor + 1.0%	Up-Front Reserves/Guaranty	
Current Funded	21,342,416	Spread	1.00%	*Capital (TI/LC, Capex)*	NAP
Future Funding	0	LIBOR Cap (*If applicable*)	NAP	*Unfunded TI/LC*	NAP
Fully Funded	21,342,416	Interest Payment Type	Quarterly	*Other*	NAP
Maturity Date	Dec-09	Amortization	NAP	Guaranty	LB 12 mth Interest
Extended Maturity	Until Recvd back from VAT Office	Rate Type	Floating	Cross-Collateralization	NAP
Extension Provisions					
Call Protection	NAP				
Comments					

Equity

Orig Bal	55,890,634	Coupon	NAP	Up-Front Reserves/Guaranty	NAP
Current Funded	55,890,634	Spread	NAP	*Capital (TI/LC, Capex)*	NAP
Future Funding	2,000,000	LIBOR Cap (*If applicable*)	NAP	*Unfunded TI/LC*	NAP
Fully Funded	57,890,634	Interest Payment Type	NAP	*Other*	NAP
Maturity Date	NAP	Amortization	NAP	Guaranty	NAP
Extended Maturity	NAP	Rate Type	NAP	Cross-Collateralization	NAP
Extension Provisions	NAP				
Call Protection					
Comments					

REVA

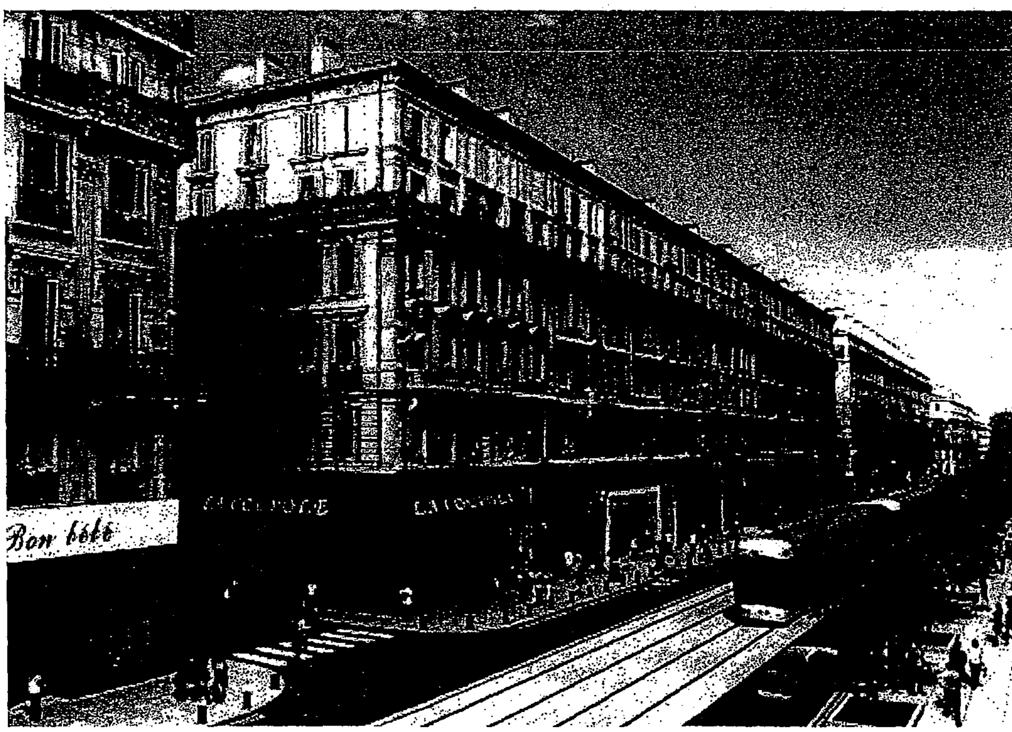
Property Information

Property Name	REVA LAND	**Loan Purpose**	Finance
Address	Municipality of Chiva at A7/A3 Bypass. Land. No street name, Chiva Valencia, Spain		€ 133,390,050
		Purchase Price	
No. of Properties	None - Land Deal	**As-Is Appraised Value**	134,333,000
Property Type	Rustic Land	**As-Is Appraised Value Date**	21-Nov-06
Property Size	3,500,000sqm	**Stab. Appraised Value**	NAP
Year Built / Renovated	NAP	**Stab. Appraised Value Date**	NAP
		In-Place NOI	NAP
		In-Place NCF	NAP
In-Place Occupancy	0.00%	**Stab. NOI**	NAP
Occupancy Date	9/1/2008	**Stab. NCF**	NAP
Market Occupancy	NAP	**Cash Flow Date**	NAP
Market Occupancy / Rents Date	NAP	**5 Yr Proforma NOI**	NAP
#VALUE!		***YE 2009***	NAP
Market Rents	NAP	***YE 2010***	NAP
		YE 2011	NAP
		YE 2012	NAP
		YE 2013	NAP

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

RUE DE LA REPUBLIQUE PORTFOLIO



MARSEILLE, 13002 FRANCE

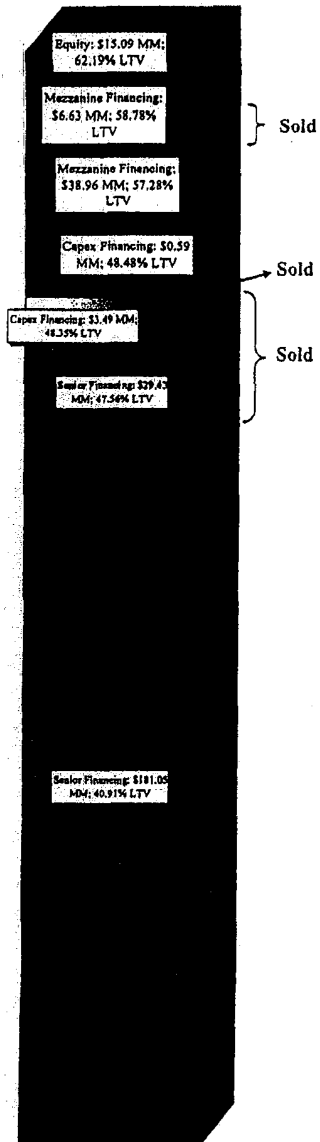
- Given the prime location in Marseille, the structural undersupply in the Marseille residential and retail markets and the significant modernization and regeneration process of Marseille with the strong support of the city of Marseille, the Portfolio offers significant upside over the next years.
- Previous owner has already evicted numerous of tenants over the last years which make the refurbishment works easier to achieve. In addition, strong track record thanks to the disposals of residential units already refurbished.

Considerations

- The Portfolio will generate very limited cash flow ($2.3 million of rental income) due to low occupancy rate leading to a significant risk of interest short fall if no disposal of residential units and before letting of the refurbished retail units.
    - *Mitigant:* Interest reserve amount credited at closing of $17.7 million to be rolled-over at each IPD to cover a minimum of 12 months Senior Loan and 18 months Capex Facility forward interest.
- Significant amount of residential Capex budget totaling $62.3 million.
    - *Mitigant:* Residential Capex Facility to be drawdown subject to a 30% pre-sales on the dedicated residential building.
- Any delay of the residential break-up disposal would impact the repayment of the residential Senior and Capex Loans (mandatory repayments thanks to the residential unit disposal proceeds).
    - *Mitigant:* Annual minimum amortization for the Residential Loan with an initial ALA equivalent to 136%. To be increased to 145% if annual minimum amortization not reached at the end of year 1 and to 164% at the end of year 2.

Sun&Moon

Debt Stack (Fully Funded): $355.48 MM



FIXED-RATE LOAN

Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV/LTC	Total Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV/LTC	Loan / Sqm (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior Financing:	$181,048,109	$181,048,109	*40.9%*	$181,048,109	$181,048,109	*28.1%*	*$2,240*	*0.21%*	*13.2%*	0.04x	2.42x
Senior Financing: Sold	$29,431,369	$0	*47.6%*	$29,431,369	$0	*32.6%*	*$2,604*	*0.18%*	*11.4%*	0.03x	2.08x
Capex Financing:	$3,492,094	$3,492,094	*48.3%*	$74,211,146	$74,211,146	*44.1%*	*$3,522*	*0.18%*	*8.4%*	0.03x	1.54x
Capex Financing: Sold	$594,151	$0	*48.5%*	$10,110,357	$0	*45.7%*	*$3,647*	*0.17%*	*8.1%*	0.03x	1.49x
Mezzanine Financing:	$38,957,577	$38,957,577	*57.3%*	$38,957,577	$38,957,577	*51.7%*	*$4,129*	*0.15%*	*7.2%*	0.03x	1.31x
Mezzanine Financing: Sold	$6,628,313	$0	*58.8%*	$6,628,313	$0	*52.7%*	*$4,211*	*0.14%*	*7.0%*	0.03x	1.29x
Equity:	$15,090,811	$15,090,811	*62.2%*	$15,090,811	$15,090,811	*55.1%*	*$4,398*	*0.14%*	*6.7%*	0.03x	1.29x
Tranche 8:	$0	$0	*62.2%*	$0	$0	*55.1%*	*$4,398*	*0.14%*	*6.7%*	0.03x	1.29x
Tranche 9:	$0	$0	*62.2%*	$0	$0	*55.1%*	*$4,398*	*0.14%*	*6.7%*	0.03x	1.29x
Totals	**$275,242,425**	**$238,588,591**	*62.2%*	**$355,477,682**	**$309,307,643**	*55.1%*	*$4,398*	*0.14%*	*6.74%*	*0.03x*	*1.29x*

Sun&Moon

As of August 2008

Retained Portfolio Summary

	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
Senior Financing	150,651,557	150,651,557	149,150,256	3/4/2013	From disposal of appartments	5.4%
Capex Financing	2,798,185	50,407,179	2,770,300	3/4/2013	From disposal of appartments	5.4%
Equity	10,250,283	10,250,283	10,250,283	3/4/2013	From disposal of appartments + block sale of Retail Portfolio	
Totals	163,700,025	211,309,018	162,170,839			

Senior Financing Terms

Orig Bal	€150,651,557	**Coupon**	5.40%	**Up-Front Reserves/Guaranty**	€14,400,000
Current Funded	€150,651,557	**Spread**	1.70%	***Capital (TI/LC, Capex)***	
Future Funding	€0	**LIBOR Cap** (*If applicable*)		***Unfunded TI/LC***	
Fully Funded	€150,651,557	**Interest Payment Type**	Monthly	***Other***	
Maturity Date	3/4/2012	**Amortization**	From disposal of appartments	**Guaranty**	Mortgage
Extended Maturity	3/4/2013	**Rate Type**	Fixed	**Cross-Collateralization**	
Extension Provisions	No Default				
Call Protection					
Comments					

Capex Financing Terms

Orig Bal	€0	**Coupon**	5.40%	**Up-Front Reserves/Guaranty**	€14,400,000
Current Funded	€2,798,185	**Spread**	1.70%	***Capital (TI/LC, Capex)***	€50,407,179
Future Funding	€47,608,994	**LIBOR Cap** (*If applicable*)		***Unfunded TI/LC***	€47,608,994
Fully Funded	€50,407,179	**Interest Payment Type**	Monthly	***Other***	
Maturity Date	3/4/2012	**Amortization**	From disposal of appartments	**Guaranty**	Mortgage
Extended Maturity	3/4/2013	**Rate Type**	Fixed	**Cross-Collateralization**	
Extension Provisions	No Default				
Call Protection					
Comments					

Equity Terms

Orig Bal	€10,250,283	**Coupon**	NAP	**Up-Front Reserves/Guaranty**	NAP
Current Funded	€10,250,283	**Spread**	NAP	***Capital (TI/LC, Capex)***	NAP
Future Funding	€0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NAP
Fully Funded	€10,250,283	**Interest Payment Type**	NAP	***Other***	NAP
Maturity Date	3/4/2013	**Amortization**	Dividends	**Guaranty**	NAP
Extended Maturity	3/4/2013	**Rate Type**	NAP	**Cross-Collateralization**	NAP
Extension Provisions					
Call Protection					
Comments					

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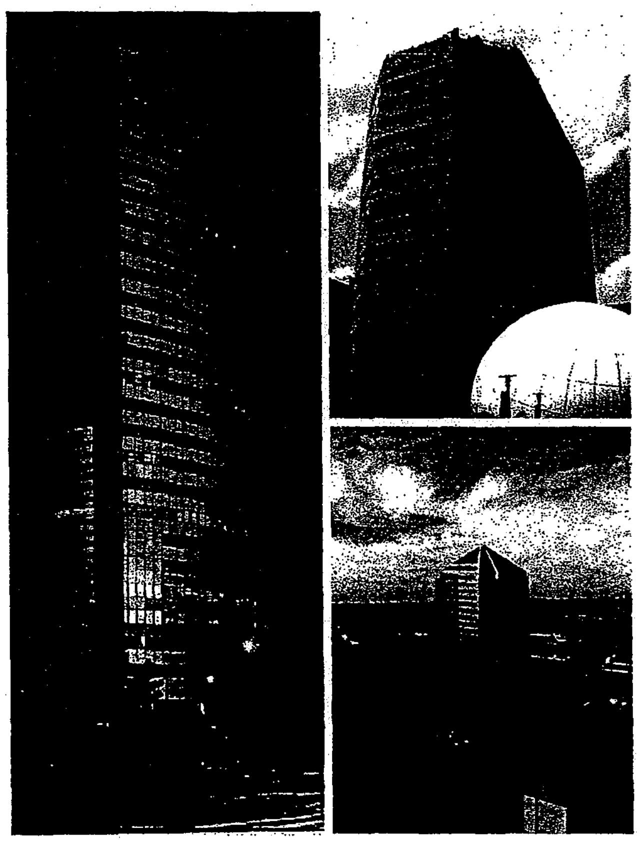
CONFIDENTIAL INFORMATION MEMORANDUM

ROSSLYN PORTFOLIO



ARLINGTON, VA

$310,000,000 BRIDGE EQUITY

Lehman Brothers financed the acquisition of a 3,050,736 square foot portfolio of 11 office buildings in Arlington, Virginia.

Transaction Overview

- Affiliates of Monday Properties ("Monday") and Lehman Brothers Real Estate Partners II ("LBREP") purchased a portfolio of high quality office properties for $1.29 billion of total transaction costs in the Washington, D.C. area. Lehman provided $310 MM bridge equity, equating to 78.48% of the total equity contribution.
- Lehman also provided the Sponsorship with a $567.7 million fixed rate loan, split into a $310.0 million Senior Note (securitized) and a $257.7 million B Note (Sold).
- The Portfolio is a collection of 10 high quality office buildings encompassing 2.5 million square feet concentrated in one of the most desirable submarkets of Washington, D.C.
- In October 2007 the Venture acquired a development site, 1812 N. Moore, historically owned by the Westreich family, for a potential 550,000 rentable square foot trophy office project in the heart of Rosslyn, anticipated to break ground in the fall of 2008.
- The Portfolio was purchased at a significant discount to Waterview, a newly constructed office building in Rosslyn that the Corporate Executive Board, formerly a large private-sector Washington, D.C. tenant, leases through 2028 and that traded for $685 psf in 1Q 2007. In comparison, the Portfolio, which offers near-term NOI growth, was acquired for $487 psf, including the Towers for $627 psf

Portfolio Summary

- The properties included in the portfolio are listed below:

Property	# of Building	Year Built	RSF	Occupancy	Appraised Value[1]	PSF
1000 & 1100 Wilson Blvd.	2	1982/1985	1,069,135	99.10%	695,000,000	$650
1101 Wilson Blvd.	1	1986/1989	333,551	94.50%	196,000,000	$588
1200 Wilson Blvd.	1	1965/1997	144,239	100.00%	75,000,000	$520
1701 N. Fort Myer Drive	1	1970	280,259	100.00%	147,400,000	$526
1400 Key & 1401 Wilson Blvd.	2	1965	361,478	91.04%	137,400,000	$380
1501 & 1515 Wilson Blvd.	2	1968/1970	241,719	100.00%	92,800,000	$384
2990 Telestar Court	1	1969/1997	82,326	100.00%	20,900,000	$254
1812 N. Moore Street[2]	1	1962	538,029	NAP	87,000,000	NAP
Total portfolio	**11**	-	**3,050,736**	**97.60%**	**1,451,500,000**	**NAP**

1. Appraised Values and Occupancies are as of April 2008.

2. 1812 N. Moore was acquired by the Venture in October 2007. The projected value upon stabilization per C&W appraisal is $414 MM or $769 /sf. 538,029sf is the anticipated square feet for the project.

Portfolio Location

- Rosslyn, Virginia is a dynamic market located directly across the Potomac River from Washington, D.C. experiencing rapidly declining vacancies, strong market rent growth and significant net absorption.
- Rosslyn is highly desirable among high-profile, private-sector tenants looking for lower cost alternatives (up to $20 psf) to downtown Washington, D.C. in comparable high quality buildings with transportation and amenity bases. County upzoning from 3.8 to 10.0 FAR provides significant upside through the redevelopment of several stabilized buildings in the Portfolio.
- Over 50% of the Portfolio value is derived from 1000-1100 Wilson Boulevard (the "Towers"), arguably the most prominent and high quality office buildings in the D.C. area.
- At 97.6% occupancy and with in-place leases more than 15% below market, the Portfolio provides investors stable cash flows with the potential to capture strong market fundamentals through the mark-to-market of below-market leases at expiration.
- The Rosslyn Portfolio contains one of the best buildings in the submarket and commands the highest rents. The recently signed BAE Systems lease at $50/sf (35,619 sf) illustrates the premier position of the portfolio in the submarket.

Market Fundamentals

- According to REIS, the Rosslyn/Courthouse submarket had 2Q 2008 Class A asking rents of $38.52 psf, a 4.9% increase from the prior year, and a 6.5% vacancy rate.
- Rosslyn has emerged as one of the strongest submarkets in the Washington DC MSA. Rosslyn has many competitive advantages over other submarkets, including waterfront sites, zoning that allows for 300 foot construction heights and significant cost savings when compared to Washington, DC by up to $20/sf. Approx. $11/sf in expenses and $9/sf in Rents. Expense savings are primarily attributed to Real Estate Taxes ($5/sf) and Utilities ($2/sf).
- As supply constraints in the Washington, D.C. CBD exacerbate and rents for newly constructed office buildings climb above $75 psf, Rosslyn is becoming highly desirable among high-profile, private-sector tenants looking for lower cost alternatives in high quality buildings with a transportation and amenity base comparable to that of Washington, D.C.
- The largest private sector lease executed in the history of the Greater Washington, D.C. area was signed in January 2005 in Rosslyn by the Corporate Executive Board (CEB), who consolidated from various Washington, D.C. locations and committed to 625,000 square feet through 2028 at Waterview, a new office project delivered in Fall 2007.

Tenancy

- Diversified, strong credit tenancy: The top 20 tenants lease 77% of the Portfolio, with no tenant other than the U.S. General Services Administration (32%) occupying more than 6% of the Portfolio.
- Three of the top tenants are leading U.S. defense contractors with long-term leases in place.
- GSA tenancy is diversified across 21 leases to 7 separate agencies, with 98% of GSA leases as "firm term", i.e. not terminable free of penalty.

Leasing Update

- Since June 2007, 100,154 sf of new leases have been signed. The weighted average rent of the new leases is $44.08, 31.6% higher than the weighted average rent of the expiring leases.
- Recently executed leases are outlined below:

Tenant	Building	Floor	SF	New-Ren-Exp	Date Signed	Old Rent	New Rent	Term
APA	1000 Wilson Blvd.	18	1,946	Expansion	6/4/2007	$34.34	$43.00	10 yrs
Gulfstream	1000 Wilson Blvd.	27	4,117	Renewal	6/26/2007	$40.19	$43.00	5 yrs
GSA	1000 Wilson Blvd.	9	19,102	Expansion	8/29/2007	$34.78	$45.01	5 yrs
Blenheim Capital	1000 Wilson Blvd.	27	1,506	New	1/10/2008	$42.00	$48.00	2 yrs
China Garden	1100 Wilson Blvd.	Mall	10,000	Renewal	12/6/2007	$30.22	$35.75	11 yrs
Activu Corporation	1100 Wilson Blvd.	12	2,775	New	1/31/2008	$35.57	$49.50	3.5 yrs
Northrop Grumman	1101 Wilson Blvd.	16	17,665	Renewal	8/3/2007	$36.40	$38.00	5 yrs
Rosetta Stone	1101 Wilson Blvd.	14	5,247	Expansion	10/8/2007	$35.20	$35.00	13 mos
Complete Prof. Services	1101 Wilson Blvd.	17	2,177	Expansion	10/25/2007	$34.61	$42.00	4 yrs
BAE Systems*	1101 Wilson Blvd.	20, 21	35,619	New	1/7/2008	$30.66	$50.00	12 yrs
Total			100,154			$33.51	$44.08	

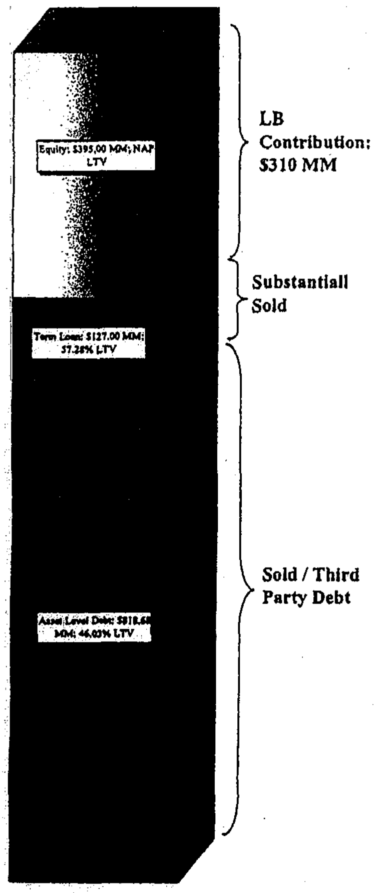
** BAE will pay an addiional $200,000/year for building signage, income will escalate 4% annually.*

Sponsorship

- Monday Properties is a private real estate owner, developer and management firm focusing on the Eastern Seaboard with particular emphasis on New York and Washington, D.C. Monday Properties executes an integrated marketing and leasing program for the properties it owns and manages. It currently owns and/or manages approximately 4 million sf of property in Manhattan and 3 million sf in the greater Washington, DC area.

Rosslyn Portfolio

:otal Cap (Fully Funded):$1,413.68 MM



Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Total Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV	Loan / SF (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Asset Level Debt: Sold / Third Party Debt	$818,675,000	$0	*56.4%*	$818,675,000	$0	*46.0%*	*$268*	*7.32%*	*8.8%*	1.24x	1.49x
Term Loan: Substantially Sold	$127,000,000	$0	*65.2%*	$200,000,000	$9,000,000	*57.3%*	*$334*	*6.33%*	*7.1%*	1.16x	1.35x
Equity:	$395,000,000	$310,000,000	*NAP*	$395,000,000	$310,000,000	*NAP*	*NAP*	*NAP*	*NAP*	NAP	NAP
Totals	**$1,340,675,000**	**$310,000,000**	***NAP***	**$1,413,675,000**	**$319,000,000**	***NAP***	***NAP***	***NAP***	***NAP***	***NAP***	***NAP***

Property Type	Office
Location	Arlington, VA
Occupancy	97.60%
Total Units	3,050,736 SF

As-Is Appraised Value (Apr-08)	$1,451,500,000	*$476 / SF*
Stabilized Appraised Value (Apr-11)	$1,778,500,000	*$583 / SF*
Total Cap (Fully Funded)	$1,413,675,000	*$463 / SF*
Original Maturity	Various	
Extended Maturity	Various	

Notes

1. The portfolio occupancy excludes 1812 N. Moore development.

2. Total Units and Stabilized Appraised Value includes the 1812 N. Moore development. 1812 N. Moore is expected to be a 538,029sf office building with a stabilized value of $414 MM (769/sf)

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

FONTAINEBLEAU LAS VEGAS RETAIL

LAS VEGAS, NV

FONTAINEBLEAU LAS VEGAS RETAIL LLC

$315,000,000 SENIOR LOAN
$85,000,000 MEZZANINE LOAN

Transaction Overview

- Lehman Brothers Holdings Inc. ("Lehman") originated on June 2007 a Senior Secured Construction Loan (the "Senior Loan") with a maximum principal amount of $315,000,000 (approximately $1,099 per square foot) secured in part, by 25 air rights parcels in the to-be-constructed high end retail component (the "Retail Component") of the Fontainebleau Las Vegas. The Fontainebleau Las Vegas will be a signature casino hotel resort with full-scale gaming, lodging, convention, residential, entertainment and retail operations located at the north end of the Las Vegas Strip. Lehman has also originated a Subordinate Mezzanine Loan (the "Mezzanine Loan") with a principal balance of $85,000,000 and together with the Senior Loan (the "Facility"). The initial funding of the Facility totaled $210.4 million including the Mezzanine Loan which was funded in its entirety at closing. All payments including interest and principal will be applied first to the Senior Loan until repaid in full and then to the Mezzanine Loan.
- In addition to the financing provided by Lehman Brothers for the Retail Component, Banc of America Securities LLC, Barclays Bank PLC, Deutsche Bank Trust Company Americas, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Book Managers have underwritten and arranged an $800.0 million 5 year revolving credit facility, an initial term loan of $700.0 million and a $350.0 million delay draw term loan (each of which has a term of 7 years) to finance the construction of the casino hotel excluding the retail portion (the "Resort Credit Facilities"). Fontainebleau Resorts LLC will also issue $675.0 million 8-year second mortgage notes to finance the resort excluding the retail component (the "Resort").

Property Information

- The Fontainebleau Las Vegas is expected to open in the fourth quarter of 2009 and will be a 3,889-room hotel with 2,719 standard rooms, 152 suites, 1,018 luxury condominium-hotel units, a 100,000 sf casino, 280,000 sf of convention and meeting space, a 56,000 sf spa, a rooftop pool positioned on a 12.1-acre podium above the casino and a 3,200 seat state of the art theatre featuring live entertainment (the "Resort Collateral"). The project will also include approximately 286,556 sf of high end retail space including several signature restaurants, upscale lounges and nightclubs (the "Retail Collateral").
- The majority of the retail component of the Project will be separate air rights parcels with respect to approximately 286,556 square feet of rentable area plus attendant common areas and will be owned (initially via a leasehold interest) by Fontainebleau Las Vegas Retail, LLC (the "Retail Affiliate"), an indirect subsidiary of Fontainebleau Resorts, which will enter into an Air Rights Lease for the defined area with Fontainebleau Las Vegas (the fee owner).
- The retail component will consist of three levels. The first level will be the resort's primary entrance from the Strip and will consist of approximately 64,364 square feet. The second level will be the primary retail concourse and will consist of approximately 163,567 square feet. The third level of the retail component will include two or more night clubs and additional restaurants overlooking the pool area and Las Vegas Boulevard and will total approximately 58,625 square feet. As envisioned, the subject will represent an upscale shopping, dining and entertainment environment, with one entrance directly from Las Vegas Boulevard, as well as access from casino, hotel and convention areas of the property.

Business Plan

- Fontainebleau Resorts, LLC is employing a unique approach that blends elements of several different existing hotel and leisure markets to create a unique category of resort for the high-end, adult guests. The Sponsor combines (i) the design innovations of the boutique hotel, (ii) the service offerings of the Las Vegas mega-resorts, (iii) the demand stability and price insulation of the business hotels, (iv) the financing efficiency and revenue engine of the condominium-hotel model, and (v) the geographic breadth of the international chain hotels to create an entirely new service offering.
- Fontainebleau Resorts, LLC is executing on a strategy that combines upscale luxury accommodations with cool, comfortable and contemporary entertainment attractions and amenities and redefines the 4- to 5-star hotel category to form distinct destination hotel resorts, appealing to both the business and leisure customer. The Fontainebleau Las Vegas is designed to target clientele with high discretionary income seeking to elevate their lifestyle. Its brand and image will be reflected in all of its lodging, convention and entertainment offerings, including (i) luxury hotel rooms, suites and condominium hotel units, (ii) technology-based art, (iii) state-of-the-art convention and meeting amenities, (iv) signature restaurants and lounges, (v) upscale entertainment venues, (vi) state-of-the-art spa facilities, (vii) high-end retail outlets, and (viii) gaming.

Location / Market

- The subject property is located on the north side of Riviera Boulevard and on the east side of South Las Vegas Boulevard (The Strip). The local area is commonly known as the northern portion of the Las Vegas Strip Resort Corridor. The resort corridor is primarily situated between Dean Martin Drive on the West and Harmon Avenue on the East. Most of the hotels within the local market feature Las Vegas Boulevard frontage. The Venetian and Wynn Las Vegas anchor the southern resort area of the neighborhood. Many of the surrounding hotels are approximately forty to fifty years of age and include Circus Circus, New Frontier, Riviera and Sahara Casinos.
- The Las Vegas Convention Center is located approximately 0.50± miles southeast of the subject and is a major user and draw to the subject neighborhood. Located at East Desert Inn Road and Paradise Road, the convention center attracts over 6.0± million visitors annually. Major retail uses in the area include the proposed subject property, The Fashion Show Mall, Forum Shops at Caesars, and the Grand Canal Shoppes at Venetian. There are several luxury residential enclaves within the neighborhood. There are luxury single-family homes situated within the Desert Inn Country Club, north of Sands Avenue and west of Paradise Road. The Turnberry Place is a luxury condominium project located adjacent east of the Subject Property.
- The property has very good access from the major interstate serving the region (I-15), as well as several major arterials that serve the Las Vegas region including Las Vegas Boulevard,

Paradise Road, Sahara Avenue, Desert Inn Road, and Sands Avenue/Spring Mountain Road. McCarran International Airport is located approximately 3 miles south of the property. The property also benefits form the monorail system that runs approximately 810 feet east of the subject and travels from MGM Grand at Flamingo Road to the Sahara Hotel at Sahara Avenue.

- Over the past few decades, Las Vegas has evolved into a major business center and has further gained recognition as the entertainment capital of the world. Between 1995 and 2005, the Las Vegas annualized GMP grew at an astounding rate of 7.1%, exceeding the nation's Top 100 metro areas average annual GMP rate of 4.0%. Looking forward to 2010, the Las Vegas economy is expected to outperform the Top 100 with an average annual growth in its GMP of 4.0% compared to 2.9% across the Top 100.
- Las Vegas' driving force continues to be the gaming-related tourism. In the ten-year period between 1997 and 2006, the room inventory in Las Vegas expanded by over 25% with citywide hotel occupancy constantly around 90%. Although temporarily halted by the September 11 event, the visitor volume and its economic impact to the city and the Strip continue to grow strongly.
- The Las Vegas Convention and Visitors Authority ("LVCVA") estimates that strong visitor growth will continue for the next several years as the new resorts currently under construction become open and more rooms will become available. LVCVA predicts the annual visitor volume will reach 43 million by 2009.

Capital Structure

Sources:		Total ($000)	LTC % *	LTV % **
Lehman Retail Facility				
Senior Loan	$	315,000	70.4%	60.0%
Mezzanine Loan	$	85,000	19.0%	16.2%
Total Lehman Retail Facility	$	400,000	89.4%	76.2%
Borrower Equity (Imputed)	$	47,600	10.6%	9.1%
Total Sources	$	447,600	100.0%	85.3%

Uses:		Total ($000)		$/SF
Development / Air Right Costs	$	252,600	$	881.5
Podium Construction Shared Costs	$	83,000	$	289.6
Retail Tenanting & Leasing Costs	$	62,000	$	216.4
Financing & Closing Costs	$	50,000	$	174.5
Total Uses:	$	447,600	$	1,562.0

* *Based on the total cost of $447 million including $47 million of development/air right value credit.*

** *Based on the appraised stabilized value of $525 million as of Oct. 2010.*

The Senior Loan has been bifurcated in eight different notes. Three notes have been sold to Union Labor Life Company ($60,000,000), National City Bank ($20,000,000), and Sumitomo Bank ($20,000,000).

Current Status

- The construction progress is tracking in-line with the latest construction schedule, which indicates an October/November 2009 completion date. IVI estimates that the total project is 35.8% complete. 95.6% of the total hard costs are awarded with executed subcontracts.
- The project is being constructed in three elements/phases. The Garage/Convention center at 2.65 million square feet is the furthest along of the 3 phases. Approximately 68% of the steel has been erected up to the roof level.
- The Podium structure houses the retail component and is 2.76 million square feet. Excavation for the Podium is complete. Steel erection commenced in September 2007 and the Podium is targeted for an August 2009 completion. Grade beams and wall foundations are currently 72% complete.
- The largest element of the development is the Hotel & Condo Tower. This phase totals 3.34 million square feet. As of 6/03/08, the Tower concrete has been poured to the 38th floor.
- Fontainebleau has approached the Lender in regard to approving an increase in the retail square footage from 286,500 to 305,000. The additional square footage is mostly coming from the addition of mezzanine space to existing square footage. It is not anticipated that there will be any increase in cost as a result of the change. This request is currently under review and has not been approved.

Sponsorship

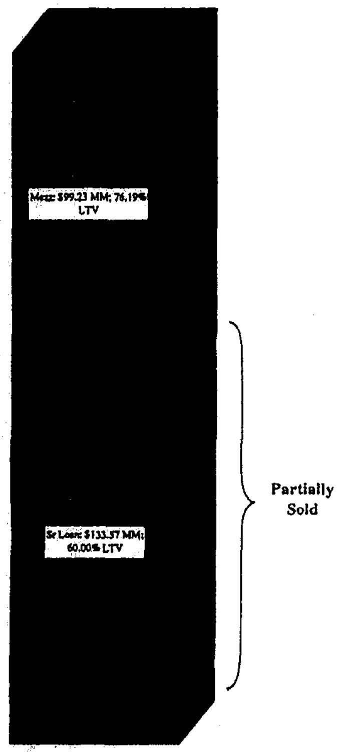
- Fontainebleau Resorts, LLC (the "Company", "Fontainebleau", or "Parent") operates and develops luxury hotels, condominiums, convention facilities and gaming operations in key urban markets. Fontainebleau Resorts was founded in 2005 as a collaboration between Jeffrey Soffer (a principal of the Turnberry group of companies, a diversified real estate development organization ("Turnberry")), and Glenn Schaeffer (former President and Chief Financial Officer of Mandalay Resort Group). Fontainebleau currently owns prime real estate footprints in two of the most important destination resort markets in the world: (i) the world-renowned 16-acre Fontainebleau Resort in Miami Beach, Florida (the "Fontainebleau Miami"); and (ii) the 24.5-acre sites comprised of the former El Rancho Hotel and Algiers Hotel properties on the north end of the Las Vegas Strip in Las Vegas, Nevada (the "Fontainebleau Las Vegas" or the "Project"). The Company is developing both properties into world class, must-see, urban destination resorts, consisting of luxury hotel rooms, suites and condominium-hotel units, complemented by signature restaurants, internationally renowned nightclubs, exclusive entertainment offerings, unparalleled spas and state-of-the-art meeting and convention facilities.

Loan Terms

- Term: 40 months with two 10-month extension options.
- Interest Rate Cap: The borrower shall maintain an interest rate cap with a strike price of 6.0% throughout the term of the loan from a counterparty with a with an unqualified credit rating of "A+" from Standard & Poor's Ratings Group and "Aa3" from Moody's Investors Service for a notional amount equal to no less than the outstanding principal amount of the Senior Loan.
- Amortization: None, the Senior and Mezzanine Loans are interest only.
- Prepayment: The Loan shall not be prepaid in whole or in part prior to June 9, 2008. Thereafter the Senior Loan may be prepaid in whole only provided that such prepayment shall be accompanied by the amount of interest that would have accrued on the principal amount of such prepayment through the end of the accrual period during which such prepayment is made. The Mezzanine Loan must be prepaid simultaneously.
- Principal Guaranty: The loan benefits from an initial 100% principal guaranty from Jeffrey Soffer and Fontainebleau Resorts LLC (collectively, the "Guarantor"). The guaranty will be reduced to 50% ($200 million) upon substantial completion of the property and the transfer of the fee simple title to the Borrower and to 25% ($100 million) upon meeting a minimum 1.0x DSCR test based on executed leases, a 6.0% coupon and a 30 year amortization schedule.
- Debt Service Guaranty: Under the terms of the Principal Guaranty Jeffrey Soffer and Fontainebleau Resorts LLC have guaranteed payment of all interest costs associated with the Senior and Mezzanine Loans for the term of the loans.

ountainebleau Las Vegas

tal Cap (Fully Funded): $400.00 MM



Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Total Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV	Loan / SF (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Sr Loan: Partially Sold	$133,565,104	$91,163,624	*52.9%*	$315,000,000	$215,000,000	*60.0%*	*$1,099*	*NAP*	*NAP*	*NAP*	*NAP*
Mezz	$99,225,475	$99,225,475	*92.2%*	$85,000,000	$85,000,000	*76.2%*	*$1,396*	*NAP*	*NAP*	*NAP*	*NAP*
Totals	**$232,790,579**	**$190,389,099**	***92.2%***	**$400,000,000**	**$300,000,000**	***76.2%***	***$1,396***	***NAP***	***NAP***	***NAP***	***NAP***

Future Property Type	Retail	
Location	Las Vegas, NV	
Total Units	286,556 SF	
As-Is Appraised Value (Mar-07)	$252,600,000	*$882 / SF*
Stabilized Appraised Value (Oct-10)	$525,000,000	*$1,832 / SF*
Total Cap (Fully Funded)	$400,000,000	*$1,396 / SF*
Original Maturity	10/9/2010	
Extended Maturity	6/9/2012	

Notes

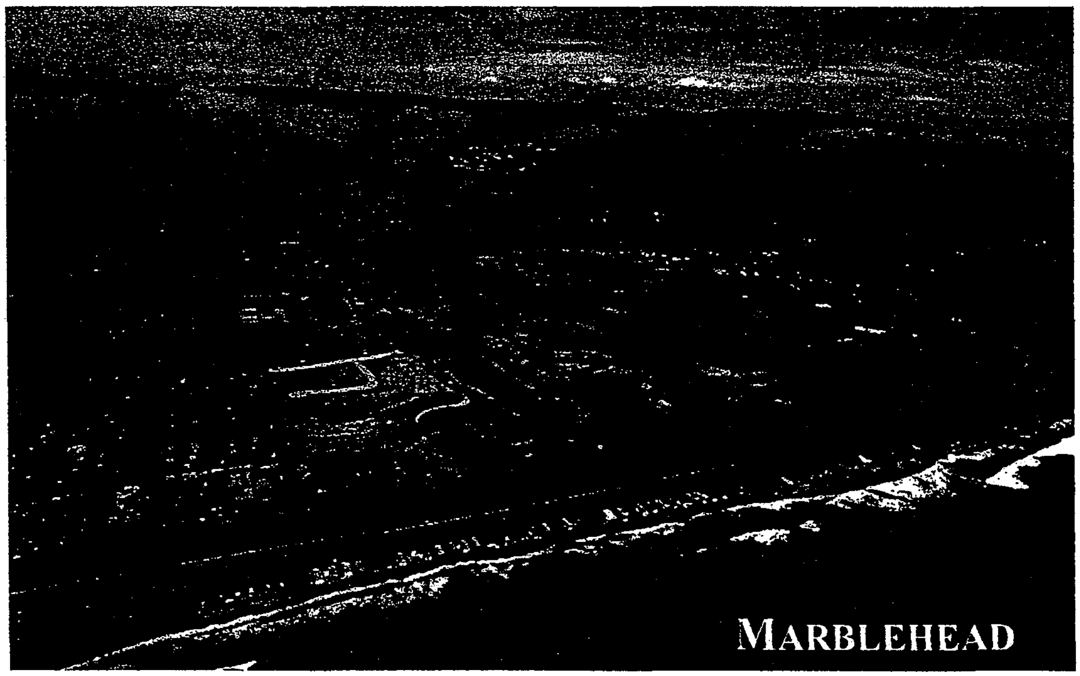
1. The loans have an initial maturity of 40 months with 2, 10-month extension options.

2. The Current Funded Balance of the Mezzanine Loan ($99,225,475) includes $14,225,475 of accrued interest.

LEHMAN BROTHERS

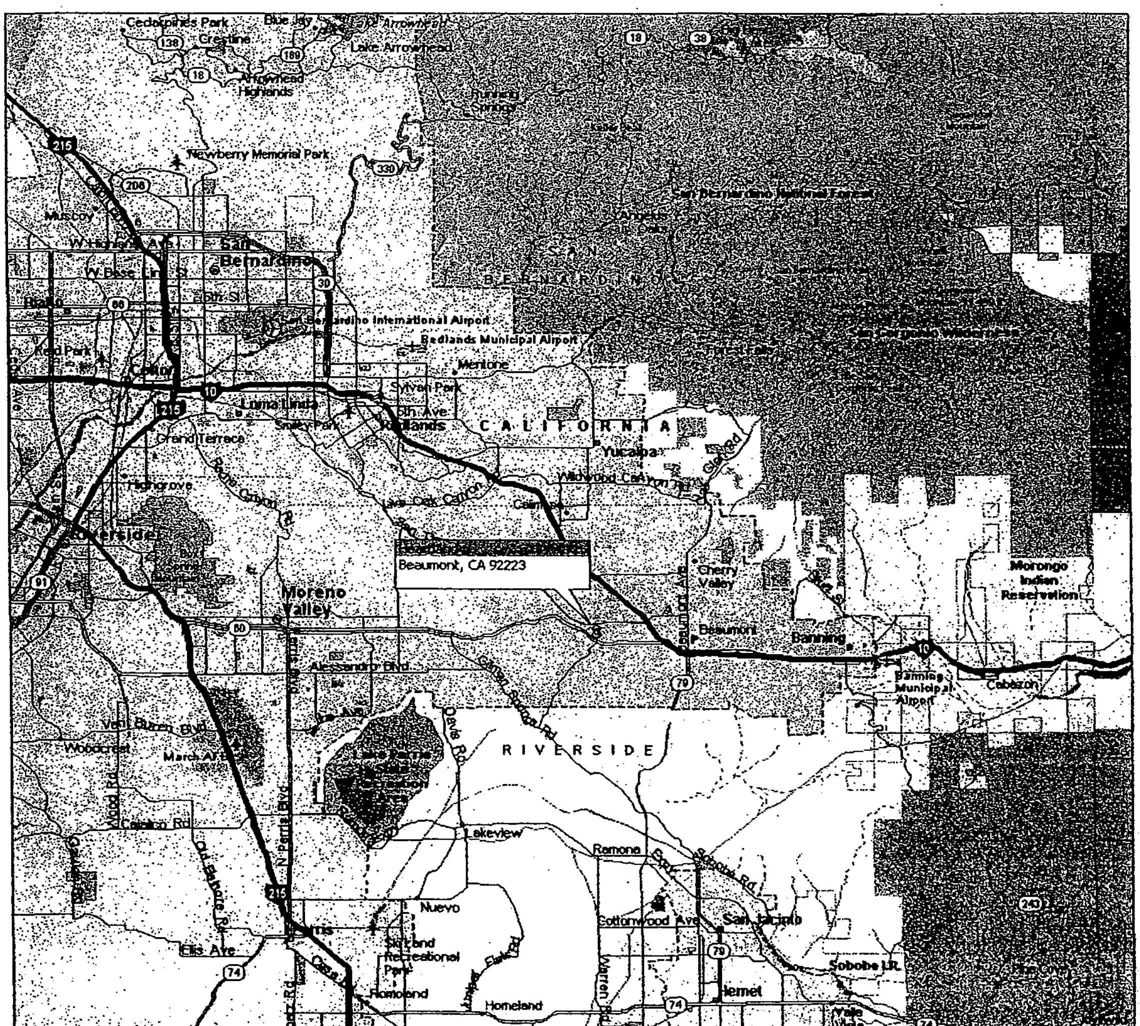
CONFIDENTIAL INFORMATION MEMORANDUM

MARBLEHEAD/HEARTLAND



2 LAND DEVELOPMENT ASSETS LOCATED IN SAN CLEMENTE AND BEAUMONT, CALIFORNIA


HEARTLAND


Cedarpines Park
Crestline
Lake Arrowhead
Arrowhead Highlands
Newberry Memorial Park
Muscoy
San Bernardino
Redlands Municipal Airport
Mentone
Loma Linda
Redlands
C A L I F O R N I A
Yucaipa
Grand Terrace
Highgrove
Riverside
Beaumont, CA 92223
Cherry Valley
Beaumont
Banning
Banning Municipal Airport
Cabazon
Morongo Indian Reservation
Moreno Valley
Alessandro Blvd
R I V E R S I D E
Van Buren Blvd
Woodcrest
Lakeview
Nuevo
Homeland
Cottonwood Ave
San Jacinto
Hemet
Valle Vista
Ellis Ave
Stetson Ave
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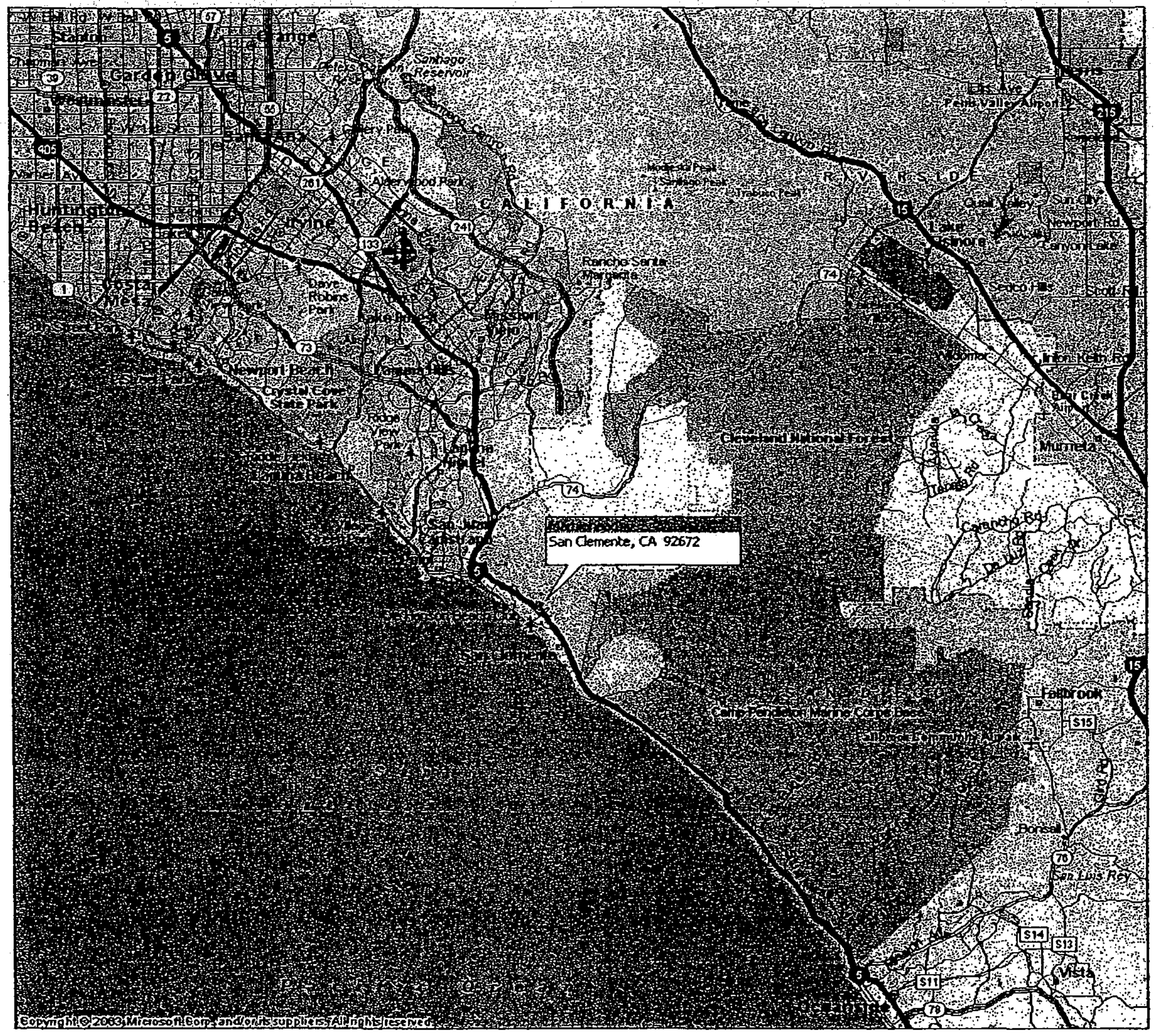

CALIFORNIA
Irvine
Newport Beach
Rancho Santa Margarita
Cleveland National Forest
San Clemente, CA 92672
Murrieta
Fallbrook
Bonsall
Vista

Marblehead / Heartland – Summary

As of August 2008

Property Information

Property Name	Marblehead / Heartland	**Wtd. Avg. Home Price**	$1,639,928 / n/a
City	San Clemente / Beaumont	**Wtd. Avg. Finished Lot Price**	$1,127,386 / n/a
County	Orange / Riverside	**Wtd. Avg. Blue Top Lot Price**	$1,108,701 / n/a
State	CA	**Price per Acre**	n/a / $71,942
Zip	92672 / 92223		
Submarket	South Orange County / I-10 Corridor	**Lot Sales Begin**	Sep-09 / Jun-09
Entitlement Status	Entitled / Entitled	**Lot Sales End**	May-12 / Jun-09
No. of Lots	308 / 983		
Acres	251 / 417		

Cash Flow Projections

	Total	1 1-Aug-2008 31-Jul-2009	2 1-Aug-2009 31-Jul-2010	3 1-Aug-2010 31-Jul-2011	4 1-Aug-2011 31-Jul-2012	5 1-Aug-2012 31-Jul-2013
Total Lots Sold	**1,291**	983	96	129	83	0
Lots Remaining (EOY)	**1,291**	308	212	83	0	0
OVERALL SUMMARY						
Total Net Sales Proceeds	**$390,097,335**	$29,550,000	$135,644,193	$153,775,645	$71,127,498	$0
+ Total Other Revenue	**46,020,482**	0	0	21,813,813	22,494,539	1,712,130
- Total: Intract Out of Pocket	**0**	0	0	0	0	0
- Total: Direct Costs	**(63,687,071)**	(16,184,627)	(18,985,524)	(22,728,769)	(5,788,152)	0
- Total: Indirect Costs	**(29,649,750)**	(17,215,251)	(5,866,333)	(4,474,445)	(2,093,721)	0
TOTAL PROPERTY CASH FLOW	**$342,780,997**	**($3,849,878)**	**$110,792,336**	**$148,386,244**	**$85,740,164**	**$1,712,130**
DISCOUNT RATE	**15% / 15%**					
NET PRESENT VALUE	**$238,504,851**					

****Please see following pages for individual asset cash flows*

Retained Positions

	Current Funded	*Fully Funded*	*Carry Value*	*Coupon / Spread*
Senior Secured Loan	$306,328,697			Libor + 7.50%

Senior Secured Loan Terms

Maturity Date	8/1/09
Extended Maturity	2/1/10
Amortization	No
Guaranty	No
Cross-Collateralization	Yes

Marblehead Property Information

Property Name	Marblehead	**Wtd. Avg. Home Price**	$1,639,928
City	San Clemente	**Wtd. Avg. Finished Lot Price**	$1,127,386
County	Orange	**Wtd. Avg. Blue Top Lot Price**	$1,108,701
State	CA	**Price per Acre**	n/a
Zip	92672		
Submarket	South Orange County	**Lot Sales Begin**	Sep-09
Entitlement Status	Entitled	**Lot Sales End**	May-12
No. of Lots	308		
Acres	251		

Marblehead Cash Flow Projections

	Total	1 1-Aug-2008 31-Jul-2009	2 1-Aug-2009 31-Jul-2010	3 1-Aug-2010 31-Jul-2011	4 1-Aug-2011 31-Jul-2012	5 1-Aug-2012 31-Jul-2013
Total Lots Sold	308	0	96	129	83	0
Lots Remaining (EOY)	308	308	212	83	0	0
OVERALL SUMMARY						
Total Net Sales Proceeds	$360,547,335	$0	$135,644,193	$153,775,645	$71,127,498	$0
+ Total Other Revenue	46,020,482	0	0	21,813,813	22,494,539	1,712,130
- Total: Intract Out of Pocket	0	0	0	0	0	0
- Total: Direct Costs	(63,318,017)	(15,815,573)	(18,985,524)	(22,728,769)	(5,788,152)	0
- Total: Indirect Costs	(26,185,605)	(13,751,106)	(5,866,333)	(4,474,445)	(2,093,721)	0
TOTAL PROPERTY CASH FLO	$317,064,196	($29,566,679)	$110,792,336	$148,386,244	$85,740,164	$1,712,130
DISCOUNT RATE	15%					
NET PRESENT VALUE	$215,819,191					

Heartland Property Information

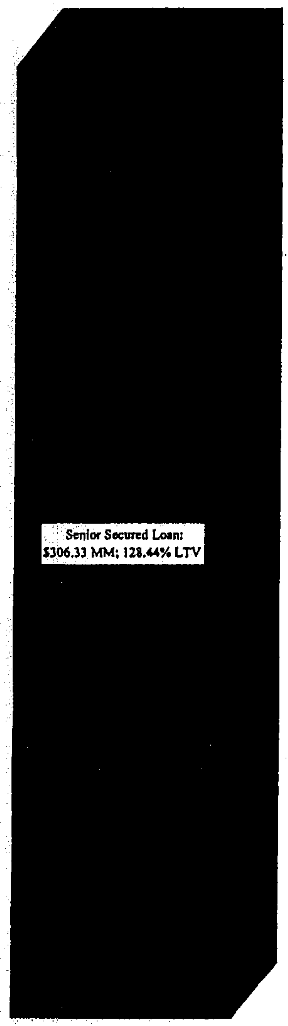
Property Name	Heartland	**Wtd. Avg. Home Price**	n/a
City	Beaumont	**Wtd. Avg. Finished Lot Price**	n/a
County	Riverside	**Wtd. Avg. Blue Top Lot Price**	n/a
State	CA	**Price per Acre**	$71,942
Zip	92223		
Submarket	I-10 Corridor	**Lot Sales Begin**	Jun-09
Entitlement Status	Entitled	**Lot Sales End**	Jun-09
No. of Lots	983		
Acres	417		

Heartland Cash Flow Projections

	Total	1 1-Aug-2008 31-Jul-2009	2 1-Aug-2009 31-Jul-2010	3 1-Aug-2010 31-Jul-2011	4 1-Aug-2011 31-Jul-2012	5 1-Aug-2012 31-Jul-2013
Total Lots Sold	983	983	0	0	0	0
Lots Remaining (EOY)	983	0	0	0	0	0
OVERALL SUMMARY						
Total Net Sales Proceeds	$29,550,000	$29,550,000	$0	$0	$0	$0
+ Total Other Revenue	0	0	0	0	0	0
- Total: Intract Out of Pocket	0	0	0	0	0	0
- Total: Direct Costs	(369,054)	(369,054)	0	0	0	0
- Total: Indirect Costs	(3,464,145)	(3,464,145)	0	0	0	0
TOTAL PROPERTY CASH FLO	$25,716,801	$25,716,801	$0	$0	$0	$0
DISCOUNT RATE	15%					
NET PRESENT VALUE	$22,685,660					

Marblehead / Heartland

Debt Stack $306.33 MM

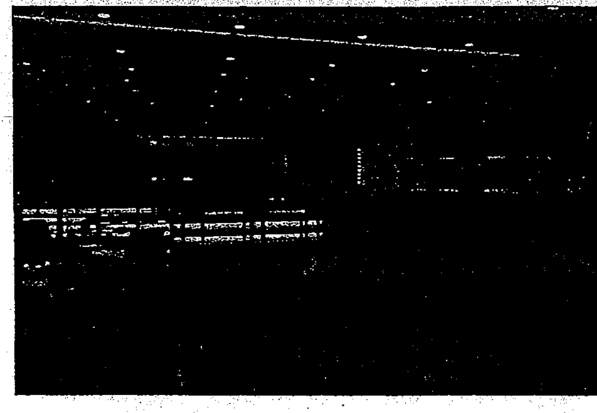


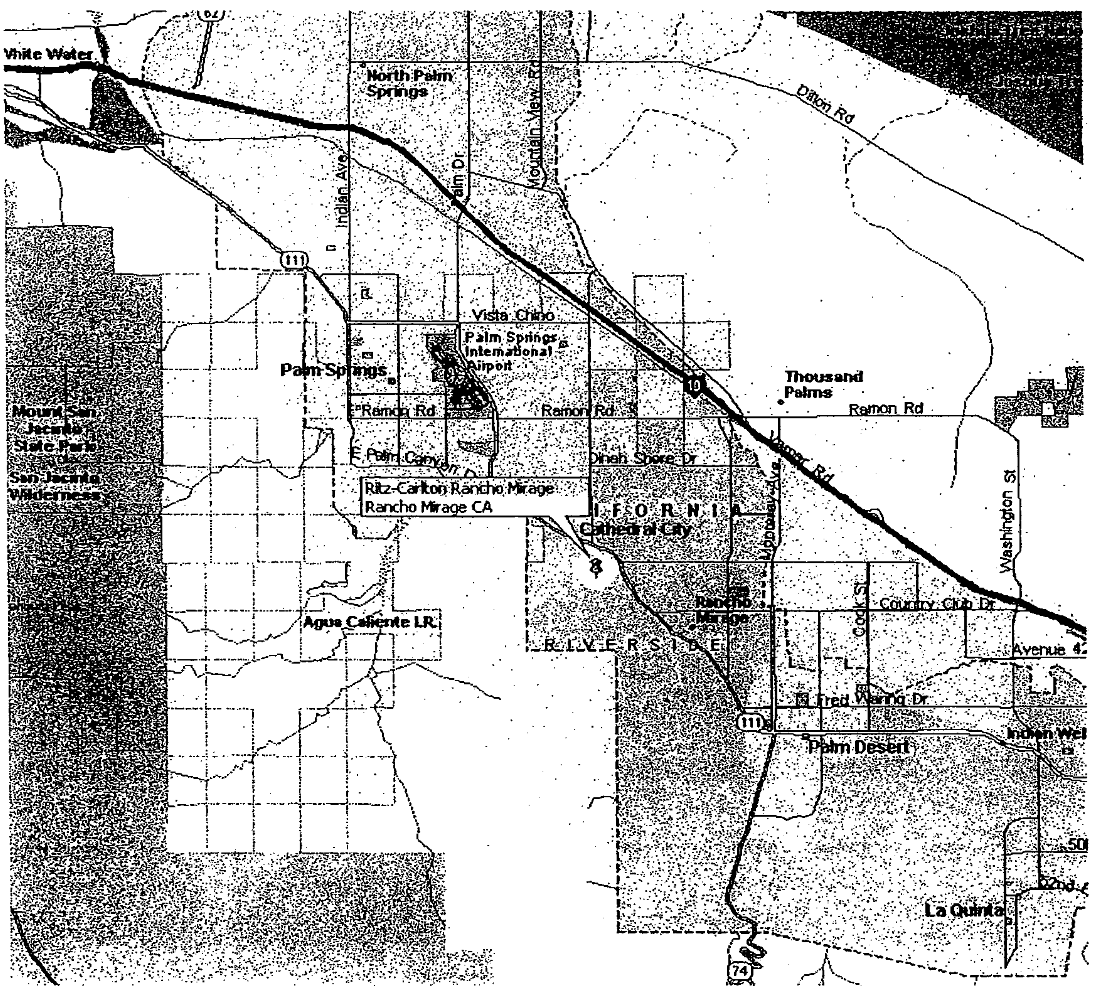
FLOATING-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	LB Balance (Current Funded)	LTV	Debt / Lot	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior Secured Loan:	$306,328,697	$306,328,697	128.4%	$237,280	NAP	NAP	NAP	NAP
Totals	**$306,328,697**	**$306,328,697**	**128.4%**	**$237,280**	**NAP**	**NAP**	**NAP**	**NAP**

Property Type	Master Planned Community
Location	San Clemente, CA / Beaumont, CA
Occupancy	NAP
Remaining Lots	1,291

Net Present Value (Aug-08)	$238,504,851	$184,744 / Lot
Total Debt	$306,328,697	$237,280 / Lot
Original Maturity	8/1/2009	
Extended Maturity	2/1/2010	





Vhite Water
North Palm Springs
Indian Ave
Mountain View Rd
Dillon Rd
111
Vista Chino
Palm Springs International Airport
Palm Springs
Thousand Palms
10
Ramon Rd
Mount San Jacinto State Park
San Jacinto Wilderness
Dinah Shore Dr
Ritz-Carlton Rancho Mirage
Rancho Mirage CA
Cathedral City
Washington St
Agua Caliente I.R.
Rancho Mirage
Cook St
Country Club Dr
Fred Waring Dr
Palm Desert
La Quinta
74

Lehman Brothers financed the acquisition and re-development of The Ritz-Carlton Rancho Mirage, a 244-room luxury hotel, and 130 Ritz-Carlton branded residential units located in Rancho Mirage, California.

Transaction Overview

- Lehman Brothers originated a $252,880,000 senior floating rate loan ("Floating Rate Loan"). Additionally, Lehman invested $7,913,312 of equity in the transaction.
- The senior loan proceeds were used by a partnership formed between Gencom Group and Lehman Brothers to acquire and redevelop The Ritz-Carlton Rancho Mirage and Residences (the "Property").
- Gencom Group has 65.0% share of the partnership and Lehman has 35.0% share of the partnership.

Sources & Uses

	Balance as of Aug 08		Committed			Balance as of Aug 08	Committed	
Sources		LTC		LTC	**Uses**			%
					Phase I			
Unsourced 3rd Party Debt*	0	*0.0%*	75,867,557	*20.8%*	Land	37,759,714	37,759,714	*10.3%*
Lehman Senior Loan	216,844,977	*90.8%*	252,880,000	*90.0%*	Hard Costs	97,533,408	186,294,518	*51.0%*
Ritz Key Money	0	*90.8%*	9,600,000	*92.6%*	Professional Fees	18,394,502	23,269,605	*6.4%*
Lehman Equity	8,003,087	*94.1%*	8,003,087	*94.8%*	Soft Costs	33,535,603	54,503,745	*14.9%*
Borrower Equity	14,023,628	*100.0%*	14,023,628	*98.6%*	Marketing	3,205,577	3,528,516	*1.0%*
CoRM Municipal Bond Incentives	0	*100.0%*	5,000,000	*100.0%*	Sales Expenses	3,916,736	5,093,197	*1.4%*
					Developer Fee/Partnership Costs	7,227,554	12,689,417	*3.5%*
					Contingency	0	4,700,000	*1.3%*
					Total Phase I	201,573,094	327,838,712	*89.7%*
					Phase II (Sunk Costs):			
					Land	33,970,286	33,970,286	*9.3%*
					Professional Fees	3,328,312	3,565,274	*1.0%*
					Total Phase II	37,298,598	37,535,560	*10.3%*
Totals	**238,871,692**		**365,374,272**		**Totals**	**238,871,692**	**365,374,272**	***100.0%***

* Lehman has the option but not the obligation to fund all or part of this debt

Property Information

- The hotel is comprised of 244 rooms (434 total keys with condominiums-hotel units). There are 130 residential units: Phase I includes 16 units (17 keys, 1,136 avg. sf/unit), and Phase II includes 114 units (173 keys, 2,266 avg. sf/unit).
- The Property will have 18,000 sf of event space, including eight meeting rooms, as well as 52,000 sf of outdoor meeting and function space. There will be four food and beverage outlets comprised of two restaurants (Pinot Mirage and The EDGE, both featuring celebrity chef Joachim Splichal) and two bars (Lounge 6 Fifty and Split).
- Amenities at Rancho Mirage include the 24,000 sf La Prarie Spa with 16 treatment rooms, a beauty salon, fitness center, four swimming pools, business center, concierge service, and access to golf and tennis.

Location/Market

- Rancho Mirage is in the heart of the Coachella Valley and centrally located in the affluent cities of Palm Springs, Palm Desert, Indian Wells and La Quinta, which are home to some of the best golf clubs and residential communities in the world. The Property is within a 20-minute drive from the Palm Springs International Airport and a 15-minuite drive to El Paseo, the "Rodeo Drive" of the Coachella Valley. Known as the "Playground of the Stars," the Coachella Valley plays host and home to many of Hollywood's brightest stars and political and business leaders from around the globe. Three hundred fifty days of sunshine, combined with world-class cultural and recreational offerings, makes this one of the finest vacation destinations in the world.

Sponsorship

- Lehman Brothers has had a successful relationship and proven track record with Gencom, particularly with Ritz-Carlton development projects such as Ritz-Carlton Key Biscayne, Ritz-Carlton Bachelor Gulch, Ritz-Carlton Molasses Reef Turks & Caicos and the Ritz-Carlton Residences Philadelphia.
- Gencom Group is an investment and development firm specializing in the hospitality and related real estate industries. Founded in 1987, the organization is led by Karim Alibhai. The company is headquartered in Miami, Florida and has a regional office in Houston, Texas. Gencom has expertise and experience in the hospitality industry, having focused its activities primarily on the acquisition, ownership, development, leasing and management of hotel properties throughout the United States, Canada and Mexico. Gencom's successful track record is proven by its ability to make acquisitions, turnaround distressed and under-performing assets, re-position and improve management, and implement creative financing strategies. Its strategic vision, creative approach and entrepreneurial spirit have consistently produced excellent results. Gencom has invested in more than 100 hotel transactions over the past 17 years and has been an active client and equity partner of Lehman Brothers. Since the beginning of the Gencom and Lehman Brothers relationship in 1998, approximately 35 deals with a value in excess of $1.9 billion have been completed together.

Current Status/Business Plan

- The Property is slated to open in December 2008 and will be the first five-star luxury experience in Palm Springs. The Property is situated on 23.78 acres and located on a 650-foot bluff overlooking world famous Palm Springs, Coachella Valley and the 10,000-ft San Jacinto Mountain range. The Property was formerly known as The Lodge at Rancho Mirage and was shut down in 2006.

- Since launch, the project has sold seven of the 16 spa suites for an aggregate purchase price of $17 million, or 46% of the total value of $38 million. Residential sales have achieved a blended price in excess of $1,500 per square foot.
- Summary projections and Property data are detailed in the following tables:

KEY STATISTICS (YE)					
	2009(F)	2010(F)	2011(F)	2012(F)	2013(F)
Occ	52.7%	63.0%	63.0%	68.8%	73.3%
ADR	$344	$372	$407	$432	$455
RevPAR	$181	$235	$257	$297	$333
NOI*	$4.0M	$8.2M	$13.8M	$16.9M	$19.3M

(F) Sponsor forecast

OVERALL PROJECT OVERVIEW					
	Units	Keys	Avg SF	Total SF	BDRM
Hotel*	244	244	420	109,200	1-3BR
Spa Suites*	16	17	1,136	18,183	1-3BR
Residential Suites^	44	56	1,065	46,880	St-2BR
Residences & Villas^	52	99	2,650	137,820	2-4BR
Promontory^	18	18	4,090	73,611	3-4BR
Residential TOTAL	130	190	2,127	276,494	

** Phase I*

^ These units are associated with Phase II. Lehman Brothers currently has a mortgage on the Phase II land and associated partial built out infrastructure, but has not committed to the development of Phase II.

Strengths

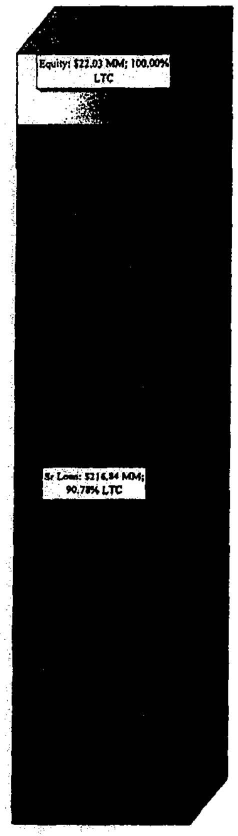
- Gencom Group is a strong sponsor with a proven track record in the hotel real estate investment business. Lehman Brothers has had a successful relationship with the Gencom Group, particularly with Ritz-Carlton development projects such as Ritz-Carlton Key Biscayne, Ritz-Carlton Bachelor Gulch, Ritz-Carlton Philadelphia Residences, Ritz-Carlton Kapalua Bay, and Molasses Reef (A Ritz-Carlton Reserve).
- Barriers to entry are very high in this market given high land and development costs and a lengthy government approval processes to thwart new development; new competition is expected to be limited.
- Ritz-Carlton participation validates the Property's potential and provides a pricing premium that should increase returns relative to non-branded residential construction that would otherwise be competitive.

Considerations

- Economic uncertainty and the overall housing market weakness may dampen the pace of sales for the condominium-hotel units.
    - *Mitigant*: This Property will be the first five-star luxury hotel and branded residences in the Coachella Valley.

Ritz-Carlton Rancho Mirage

'otal Cap (Fully Funded): $365.37 MM



Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	LTC	Total Balance (Fully Funded)	LB Balance (Fully Funded)	LTC	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Unsourced 3rd Party Debt	$0	$0	*0.0%*	$75,867,557	$0	*20.8%*	*NAP*	*NAP*	*NAP*	*NAP*
Sr Loan	$216,844,977	$216,844,977	*90.8%*	$252,880,000	$252,880,000	*90.0%*	*NAP*	*NAP*	*NAP*	*NAP*
Equity	$22,026,715	$8,003,087	*100.0%*	$22,026,715	$8,003,087	*96.0%*	*NAP*	*NAP*	*NAP*	*NAP*
Totals	**$238,871,692**	**$224,848,064**	***100.0%***	**$350,774,272**	**$260,883,087**	***96.0%***	***NAP***	***NAP***	***NAP***	***NAP***

Property Type	Hotel & Residential Development
Location	Rancho Mirage, CA
Total Units	434 Keys

Total Cost (Fully Funded)	$238,871,692
Total Cost (Fully Funded)	$365,374,272
Original Maturity	7/1/2007
Extended Maturity	12/31/2008

<u>Notes</u>

1. The loan maturity has been extended to 12/31/08.

2. Total Cost (fully funded) includes $5.0M of government financing and $9.6M of Ritz Key Money, which Ritz Carlton contributes at no basis for project costs.

3. Lehman has the option, but not the obligation, to fund all or part of the unsourced 3rd Party Debt.

Ritz Carlton Rancho Mirage

As of August 2008

Retained Position Summary

	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
Senior Loan	216,844,977	252,880,000		12/31/2008	NAP	L+450
Totals	216,844,977	252,880,000	0			-

Senior Loan

Orig Bal	$35,000,000	Coupon	L + 450	Up-Front Reserves/Guaranty	
Current Funded	$216,844,977	Spread	L + 450	*Capital (TI/LC, Capex)*	$0
Future Funding	$36,035,023	LIBOR Cap (*If applicable*)		*Unfunded TI/LC*	$0
Fully Funded	$252,880,000	Interest Payment Type	Interest Only	*Other*	$0
Maturity Date	12/31/2008	Amortization	None	Guaranty	NAP
Extended Maturity	NAP	Rate Type	Variable	Cross-Collateralization	NAP
Extension Provisions	NAP				NAP

Call Protection

Comments

Ritz Carlton Rancho Mirage

Property Information

Property Name	Ritz Carlton Rancho Mirage	**Loan Purpose**	
Address	68-900 Frank Sinatra Drive, Rancho Mirage, CA 92270	**Purchase Price**	
Senior Loan	252,880,000		
		In-Place NOI	NAP
		In-Place NCF	NAP
In-Place Occupancy		**Stab. NOI**	$17,303,000
Occupancy Date		**Stab. NCF**	NAP
Market Occupancy	62.40%	**Cash Flow Date**	NAP
Market Occupancy / Rents Date	TTM March 2008	**5 Yr Proforma NOI**	
		2009/10	$3,128,000
Market Rents	NAP	*2010/11*	$10,533,000
		2011/12	$15,345,000
		2012/13	$17,303,000
		2013/04	$17,821,000

Supplemental Property Information

For Retail, Percent of Property that is Anchor Space? (%)	NAP	**Is the Hotel Flagged?**	Ritz-Carlton
PML (%)	NAP	**For Hotel, Average Daily Rate (ADR)**	$435 (Stabilized)
		For Hotel, Revenue per Avail Room ($) (RevPar)	$339 (Stabilized

Top Tenants
NAP

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

GREENWICH APARTMENTS

GREENWICH, CT

REAL ESTATE OWNED

Property Management Team:

- Riverstone Residential Group ("Riverstone") was hired to manage Greenwich Apartments. Riverstone is the nation's largest privately owned real estate management company with a national presence and a current portfolio that includes 192,000 units nationwide (representing a combined asset value of $25 billion and more than 192 million square feet of property). Riverstone's team of more than 5,000 professionals oversees high-rise, mid-rise and garden-style communities that encompass Class A, affordable, student and senior apartment residences.

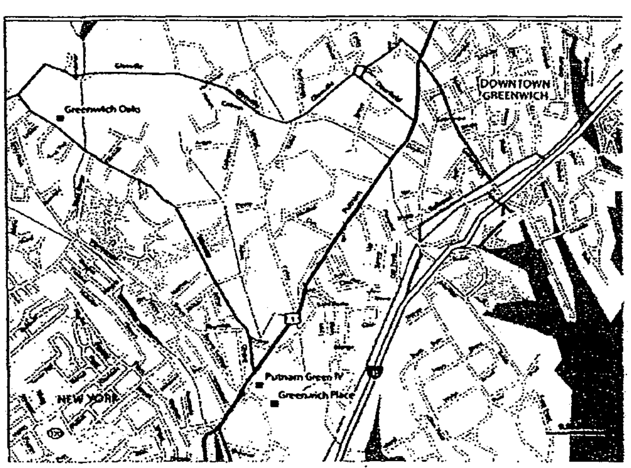
Sponsorship:

- Lehman Brothers has 100% ownership of the property.

Transaction Merits:

- *Affluent Market Demographics*: the average household income in Greenwich, CT, is over $184,500, which is three times the national average. On a larger scale Fairfield County is the most affluent MSA in the nation in terms of the average household income. The properties will likely benefit from the affluence of the surrounding areas, as well as that of potential buyers from New York City who wish to purchase homes in a well-appointed exclusive suburban community.
- *Desirable Neighborhood*: the town of Greenwich offers excellent community amenities such as over 1,500 acres of park land, an 18-hole golf course, an exceptional school system, exclusive beach access and world-class shopping/dining venues. Both properties have easy access to Downtown Greenwich and the Greenwich Metro North train station which takes residents to Grand Central station in Midtown Manhattan in less than an hour.
- *Strong Local Housing Market with High Barrier to Entry*: The average single-home price in Greenwich, CT, approached $2.5 million in the first half of 2005. The Projects will offer affordable housing options in an expensive submarket. Additionally, the submarket is almost completely built out and is protected by strict zoning restrictions, effectively eliminating the prospect of large-scale multi-family development.

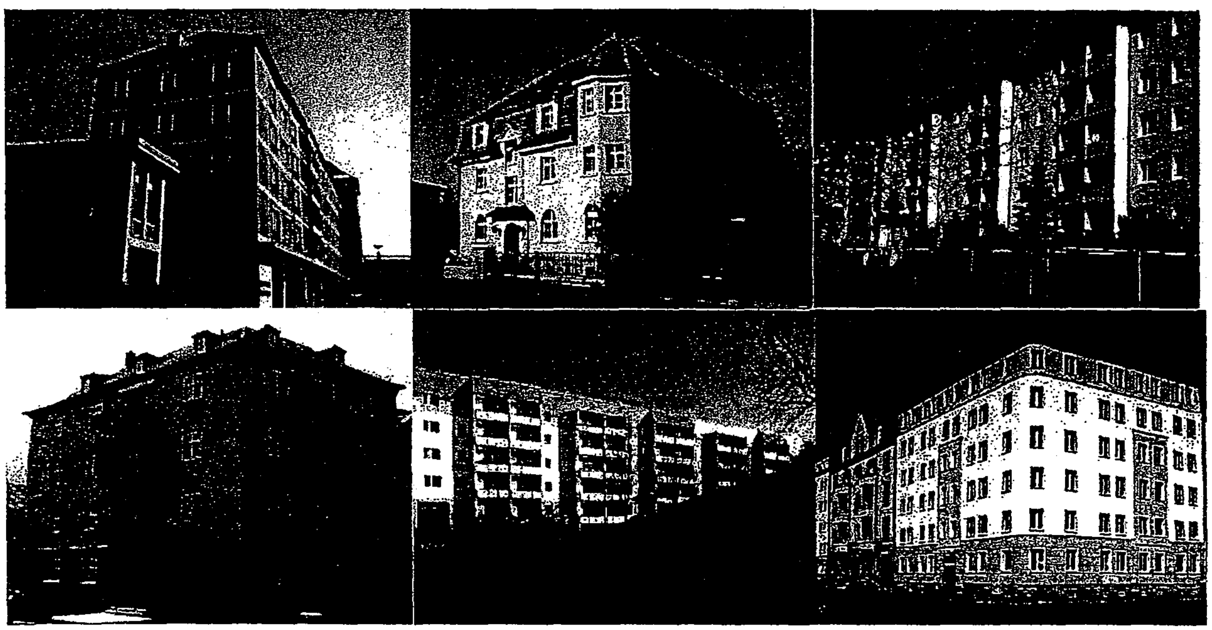
Maps:



LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

GAGFAH S.A.



GERMANY

$431,884,169 STOCK LOAN

August, 2008

LEHMAN BROTHERS Real Estate Group — GAGFAH Stock Loan

$431.88 MM Stock Loan

Lehman Brothers originated a Loan that was made to two private equity funds controlled by Fortress Investment Group LLC and secured shares in GAGFAH S.A.

Transaction Overview

- The transaction consists of a $431,884,169* (€278,047,892) Loan to refinance two existing credit facilities extended to two funds sponsored by Fortress Investment Group LLC.
- The Loan is secured by shares in GAGFAH S.A., a publicly listed Real Estate company specialising in the German Multi-Family market.
- GAGFAH is publicly listed on the Frankfurt stock exchange and is majority owned by Fortress Investment Group. GAGFAH has been created by Fortress through the combination of three large residential portfolios.

As at August 1, 2008, LB has sold $38.8mm (€25mm) principal amount of the Loan hence Loan balance as at August 1, 2008 is $393,052,354 (€253,047,892). Exchange rate of US$1=€0.643802 used throughout.

Portfolio Information

- One of the largest residential real estate portfolios in Germany, with approximately 176,000 apartments; $15.66bn (€10.08bn) in real estate asset value.
- Total size of portfolio is c.10.6mm sqm with an average rent of €4.9/sqm/month. Average gross yield is therefore c. 6.2%. ERV is estimated at c. €5.4/sqm/month1. Current vacancy is 5.0%.
- GAGFAH derives more than 95% of its operating profit from rental income. GAGFAH also services c.30,000 residential units for third parties.

Location / Market

- Geographically diversified portfolio located in over 300 cities and towns throughout Germany
- Rental yields in Germany have been more or less stable over the past 15 years with real rents increasing by 1% pa since the late 1960s. The relatively low historical volatility is due to a very tenant friendly rental system and a general lack of incentives to buy homes, contributing to a very low home ownership ratio.
- A rigid mortgage system hinders excessive speculation and requires high equity injections; German banks demonstrate very conservative lending patterns (60% LTV lending is the norm) with a lack of higher risk and more innovative mortgage lending products.
- The housing sector has flat-lined for more than a decade now. Given the traditionally low volatility of direct property in Germany, the sector offers relative value vs. the rest of Europe at present.
- Germany lacks a subprime mortgage segment and the likeliness of the subprime lending crisis being replicated in Germany is very limited.
- The country has experienced a tremendous shift towards smaller households in the past few years which has fuelled demand for residential assets.
- From a low base, new housing build starts were down 30% in 2007
- A housing shortage is expected to develop in the medium to long term.
- Larger cities are set to out-perform more rural areas with the growth outlook for Hamburg and Dresden (in which GAGFAH has relative concentrations) among the best in the country.

Transaction Characteristics

Loan amount (as at origination on June 27, 2008)	$431,884,169
Share price (as at August 1, 2008)	$14.45 (€9.30)
Number of shares pledged as security	66,474,000
Market value of shares	$960,290,055
Advance rate on share value	45.7%
Break even share price	$6.21 (€4.00)
Breakeven % drop in share price	54.3%
LTV real estate value	74.4%
LTV enterprise value	87.0%
Look through debt/sqm	€ 642.7
Look through debt/unit	€ 42,568.5
Look through debt gross yield	8.3%
Look through debt net yield	5.7%
GAGFAH senior net debt	€ 6,560,200,000
GAGFAH enterprise value	€ 8,624,440,000
GAGFAH real estate value	€ 10,079,900,000
Premium / (discount) to NAV	(35.5%)

Sponsorship

- Fortress Investment Group is a global alternative investment and asset management firm founded in 1998 with approximately US$34 billion of capital under management.
- The company is headquartered in New York and has offices in London, Rome, Frankfurt and Geneva. Fortress manages capital for a diverse group of investors including approximately 300 leading pension funds, endowments and foundations, financial institutions, funds of funds and high net worth individuals. Their businesses include private equity, investments in asset backed securities and other investment products, asset level real estate investment and provision of customised financing to corporate, real estate and asset backed borrowers.

Loan Terms

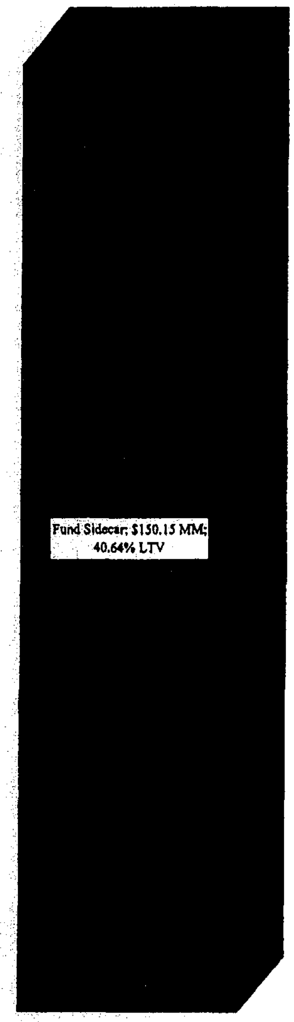
Loan Purpose	Refinancing Facility
Funding Date	27-Jun-08
Maturity Date	27-Dec-09
Term	1.5 yrs
Extension Options	n/a
Interest Type	TBD
Loan Coupon	TBD
Amortisation	Cash Sweep Trigger

Financial Covenants	*Going In*	*Covenant*
Share Price LTV	45.7	55.0%

If the Share Price LTV exceeds 55%, the Borrower may be required to post cash collateral to de-lever and 'reset' the Share Price LTV to the going-in advance rate.

GAGFAH Margin Loan

ebt Stack (Fully Funded): $150.15 MM



FIXED-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Loan / (Fully Funded)	In-Place Debt Yield	In-Place NCF DSCR
Fund Sidecar:	$150,149,763	$136,649,413	*40.6%*	*NA*	*NA*	NA
Totals	**$150,149,763**	**$136,649,413**	***40.6%***	***NA***	***NA***	***NA***

Property Type	Residential	
Location	All across, Germany	
Occupancy	N/A	
Total Units	N/A	
As-Is Appraised Value (Aug-08)	$369,438,781	*NA*
Total Debt (Fully Funded)	$150,149,763	*NA*
Original Maturity [(1)]	12/27/2010	
Extended Maturity [(1)]	12/27/2010	

Notes

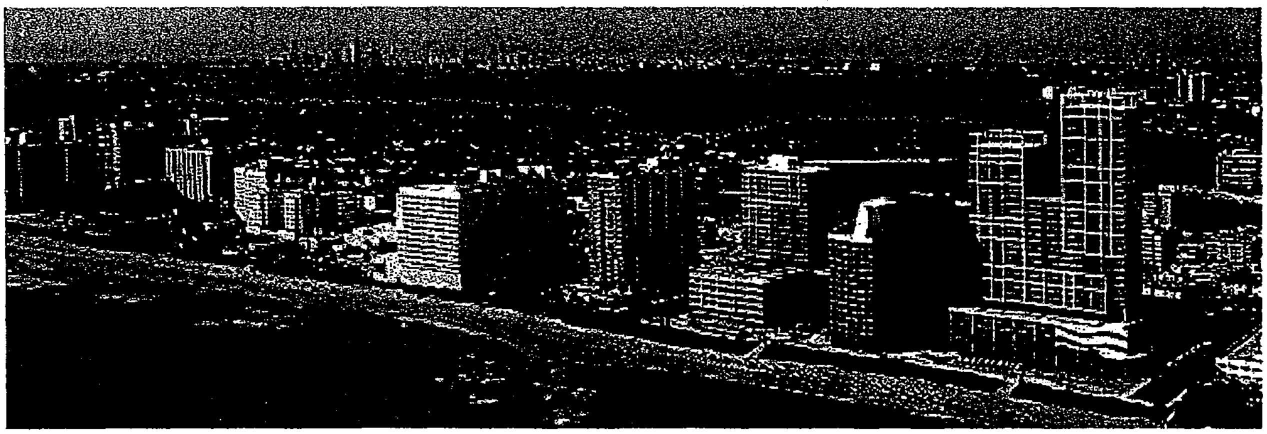
1. This loan has an initial term of 18 months. This is a fixed rate loan.

2. The loan is collateralised by GAGFAH shares priced at €9.3/share as of August 1, 2008

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

CARILLON / CANYON RANCH



6801 COLLINS AVENUE
MIAMI BEACH, FL
$159,871,613 SENIOR LOANS
$104,295,224 MEZZANINE LOAN

Lehman Brothers has two loans with current balances totaling $159,871,613 and a mezzanine loan of $104,295,224 on the Carillon / Canyon Ranch luxury condominium development in Miami Beach, Florida.

Transaction Overview

- Lehman Brothers has made a series of loans to the Borrower, WSG Development, for the acquisition of the 5.81 acre waterfront property, the development of two new condominium towers, the conversion of the former Carillon Hotel structure to condominiums, and to install the high-end Canyon Ranch Living health spa complex to the development.
- In August 2003, Lehman Brothers made an initial loan of $66,613,641 to the Borrower in for the acquisition of the North and South parcels of the Carillon project. The North parcel was vacant while the South parcel had an existing Carillon Hotel. This loan would become the mezzanine loan on the overall project.
- In April 2004, Hypo Real Estate Capital Corporation subsequently issued separate senior construction loans on North and South parcels for $175,855,000 and $211,286,000 respectfully. In June 2006, Lehman acquired the North and South senior construction loans (LB North and LB South loans) from Hypo Real Estate Capital Corporation. At the time it purchased the loans, Lehman provided additional funds to the Borrowing increasing the LB North loan by $23.65MM to $199,505,000, and increasing the LB South loan by $7.9MM to $219,186,000.
- In October 2007, the Lehman Mezzanine loan (from the purchase of the parcels) was modified, increasing the loan $15MM to $81,613,641. This modification also required the borrower to contribute additional $2.5MM cash equity to the project.
- In April 2008, Lehman sold Fortress Credit Corp a $238,850,000 senior cross-collateralized loan participation in LB North and LB South. The Fortress loan was made to LB Carillon Construction, LLC, a Lehman Brothers entity which holds both the LB North and the LB South loans (both are collateral for the Fortress loan). Lehman used $211 MM to the pay down of the LB North and the LB South loans (by $105.5MM each) while the remainder was placed in an interest reserve account with Fortress for this debt. As part of the Fortress agreement, Lehman also committed to increase the Mezzanine loan by $22 MM (not reflected in 5/31/08 balances).
- The repayment of the $238.85 MM Fortress loan participation has priority over the Lehman loans and the Mezzanine Loan.
- The outstanding balances on the LB North and LB South loans (net of the pay down with the Fortress funds) were $79,060,441 and $57,051,692 respectively as of May 31, 2008. The Mezzanine balance was $103,713,641.

Property Information

- The Carillon property consists of 5.81 acres of oceanfront land located off Collins Avenue in North Miami Beach.
- The site is improved with 580 condo units split between the North Condo Tower, 207 units, the South Condo Tower, 143 units, and the Center Condo/Hotel Tower, 230 units. The property also contains a 62,000 square foot Canyon Ranch health spa/ treatment and fitness facility.
- Construction has been completed the North Tower and the South Tower, except for punch list items. The Center and the spa should be completed by the end of September 2008. The Hotel and Spa is scheduled to open on October 1, 2008.

Business Plan

- WSG Development has been marketing the units to high-end condominium purchasers by featuring the Canyon Ranch Living concept. This exclusive health spa has successful operations in Tucson (Arizona), Lenox (MA), The Venetian in Las Vegas, Gaylord Palms Resort & Convention Center in Kissimmee (FL), and onboard Cunard's luxury liner the Queen Mary 2.
- The 62,000 sf Canyon Ranch Living center and its 12,000 sf restaurant are an excellent attraction and distinguishing feature for the Carillon condominium sales.
- WSG has completed sales on 97 units and has another 397 units under contract. 93 of the completed sales have been in the South Tower which received its permanent Certificate of Occupancy (PCO) in late October 2007. The remaining 4 units were sold in-escrow in the Center Tower because the buyers needed to complete "1031 Exchanges". The completed sales have averaged $793.3k per unit.
- In addition, there are signed sales contracts with deposits for 397 units; they are at an average price of $974.4 per unit.
- WSG expects to begin closing on units in the North Tower, after receiving the PCO this month. The PCO for Center Tower and the spa is also expected shortly.

Location / Market

- The property is located in Miami Beach along the famous oceanfront. The property offers a beachfront oasis in a high energy city.
- Miami Beach is one of the premiere resort destination and has increasing become a high-end residential and condominium community.
- Metropolitan Miami is one of the largest centers of trade in the United States. It is a major financial and trade center for business with Latin America and the Caribbean.

Sources and Uses of Funds

Sources & Uses					
Sources		**Unit**	**Uses**		**Unit**
LB North (full funding)	199,505,000	$343,974	Land Costs	64,004,000	$110,352
LB South (full funding)	219,186,000	$721,881	Hard Costs	285,148,425	$491,635
Mezzanine Loan (full funding)	104,295,224	$901,700	Debt Financing Costs	171,613,587	$295,885
Equity	19,912,359	NAP	Working Capital	22,132,571	$38,160
Total Sources	**542,898,583**	**$936,032**	**Total Uses**	**542,898,583**	**$936,032**

Sponsorship

- WSG Development Company is a South Beach-based partnership of Philip Wolman and Eric Sheppard, both have extensive real estate development experience. The company has completed 44 construction projects.
- WSG had 11 residential and 9 commercial projects under development with estimated value of approximately $2 billion.
- Philip Wolman and Eric Sheppard will have an ownership interest in the Canyon Ranch Miami operation. They are also marketing the condominiums through the Canyon Ranch Miami website and publications.

Loan Terms

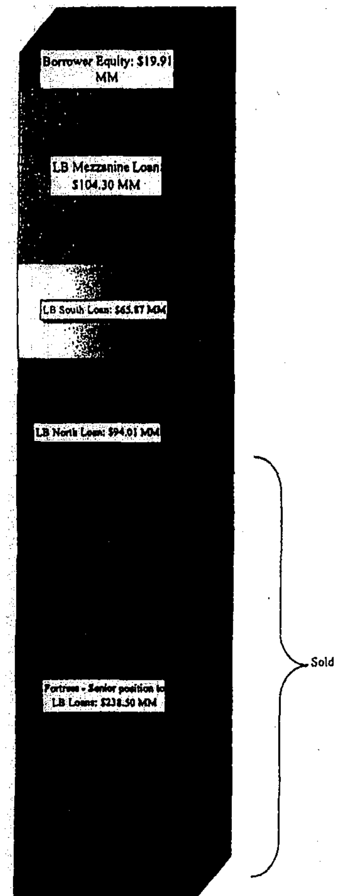
- The Lehman loans and the mezzanine loan all mature on April 30, 2009.
- The interest rates are:
  - LB North Loan: at 265pbs over LIBOR on balances up to $175,855,000 and at 350 bps over LIBOR on balances in excess of the amount.
  - LB South Loan: at 265pbs over LIBOR on balances up to $155,000,000 and at 350 bps over LIBOR on balances in excess of the amount.

- Mezzanine Loan: at 400 bps over LIBOR with a floor of 9% on the $81,613,641; however, any additions for the Fortress interest reserve will be charged at 265 bps over LIBOR.

- Exit Fees – there are exit fees of 1% on outstanding balances and outstanding accrued interest on all Lehman loans.
- Additionally, the Mezzanine Loan receives an additional fee of $38,000,000 at maturity. There is also an accrued interest balance of $45,121,340.

:arillon / Canyon Ranch

tal Cap (Fully Funded): $522.58 MM)



Cap Structure	Loan Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Loan Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV	Loan / Condo Unit (Fully Funded)	In-Place Debt Yield	In-Place NCF DSCR
Fortress - Senior position to LB Loans	$238,850,000	$0	*NAP*	$238,500,000	$0	*NAP*	*$411,207*	*0.00%*	0.00x
LB North Loan	$79,060,441	$79,060,441	*NAP*	$94,005,000	$94,005,000	*NAP*	*$573,284*	*0.00%*	0.00x
LB South Loan	$57,051,692	$57,051,692	*NAP*	$65,866,613	$65,866,613	*NAP*	*$686,848*	*NAP*	NAP
LB Mezzanine Loan	$103,713,641	$103,713,641	*NAP*	$104,295,224	$104,295,224	*NAP*	$866,667	*NAP*	*NAP*
Borrower Equity:	$19,912,359	$0	*NAP*	$19,912,359	$0	*NAP*	*$900,999*	*NAP*	*NAP*
Totals	**$498,588,133**	**$239,825,774**	*NAP*	**$522,579,196**	**$264,166,837**	*NAP*	$900,999	*0.0%*	*0.0%*

Property Type	Residential Condominiums
Location	Miami Beach, FL
Occupancy	0.17%
Total Units	580 Condo Unit

Total Cap (Fully Funded)	$522,579,196	*$900,999 / Condo Unit*
Original Maturity	4/30/2009	
Extended Maturity	7/30/2009	

Notes

1. The LB North and the LB South loans are encumbered by a $238.85 MM loan participation from Fortress Credit Corp. The $211 MM of the funds were used by Lehman to paydown $105.5 MM on each loan with the remaining $27.85 MM was placed in a reserve for interest payments and for closing costs.

2. The LB North Loan and the LB South loans are separate loans, each collateralized by a different parcel and buildings. Each is senior to the Mezzanine Loan but subordinate to the Fortress deby.

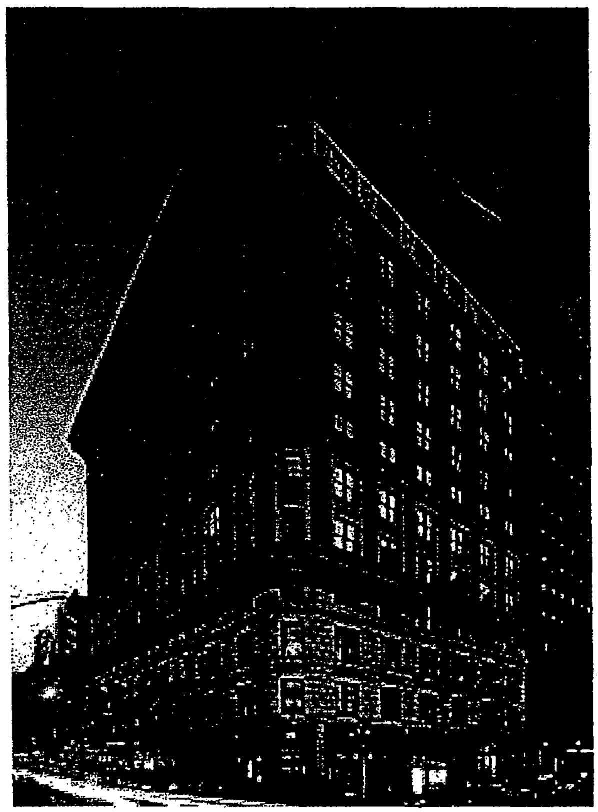
3. The terms of the Fortress agreement required Lehman to provide the additional $22 MM in mezzanine funds.

4. The sales have been completed on 97 units (16.7%) and signed sales contracts with deposits have been received for 397 units (68.5%).

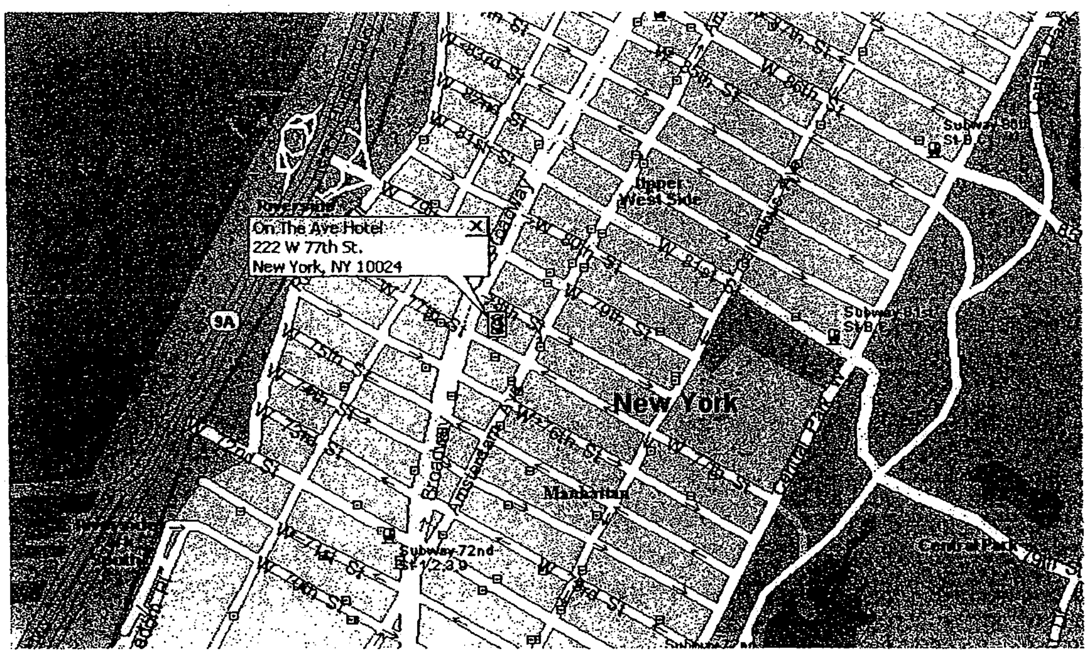
LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

ON THE AVE



NEW YORK, NY 10024


On The Ave Hotel
222 W 77th St.
New York, NY 10024
New York
Upper West Side
Manhattan
Broadway

Lehman Brothers financed the acquisition and renovation of On the Ave, a 282-key luxury boutique hotel located in New York, New York.

Transaction Overview

- Lehman Brothers originated a $206,000,000 floating rate loan ("Floating Rate Loan") in July 2007, split into a $165,000,000 senior loan and a $41,000,000 mezzanine loan.
- The senior and mezzanine loan proceeds were used by the partnership formed between Highgate Holdings, Rockpoint Group and Five Star Realty Partners, LLC (collectively, "Borrower" or "Sponsor") to acquire and renovate the On The Ave hotel (the "Property").

Sources & Uses						
Sources		**LTC**	**Per Key**	**Uses**		**Per Key**
Senior Loan	$165,000,000	*75.0%*	*$585,106*	Acquisition Costs	$204,000,000	*$723,404*
Mezzanine Loan	41,000,000	*93.6%*	*730,496*	Capital Expenditures	3,237,936	*11,482*
				Immediate Repairs Reserve	87,000	*309*
Sponsor Equity	14,000,000	*100.0%*	*780,142*	Interest Reserve	2,500,000	*8,865*
				Insurance & Tax Reserve	255,887	*907*
				Closing Costs	9,919,177	*35,174*
Totals	**$220,000,000**		**$780,142**	**Totals**	**$220,000,000**	**$780,142**

Property Information

- There are currently 282 guestrooms operating as an upscale boutique hotel. At closing, the Property had 269 rooms; since then, 11 Single Room Occupancy units ("SRO) have been converted into 13 rooms, 2,200SF of meeting space and an 800SF fitness center. There are 25 additional vacant SRO units, which the Sponsor plans to convert to guestrooms and amenities in a later phase. Two SRO units are expected to be converted every year.
- The Property will offer two food and beverage outlets: Fatty Crab and the West Branch. Both outlets will be leased to third party operators. Room service will be provided through the West Branch kitchen, but served by the hotel operator; these food revenues will be split 50/50.

Location / Market

- Through the second quarter of 2008, New York hotels realized a 12.0% RevPAR increase over the running twelve months, compared to a 4.9% increase for the nation overall. New York City is highly likely to remain one of the nation's strongest hotel markets due to increased leisure demand and long-term business relevance.
- The Property is situated on the corner of Broadway and 77th Street in Manhattan's Upper West Side. The Property has 16-stories and primary frontage along Broadway.
- Located nearby are many of New York's world-class attractions: Lincoln Center for the Performing Arts, Carnegie Hall, the Museum of Natural History, Hayden Planetarium, the Children's Museum of Manhattan, and Central Park are all easily accessible from the Property. This area has also traditionally been a stronghold of the city's intellectual, creative and moneyed community, with an atmosphere that is relaxed and family-friendly.

Sponsorship

- Highgate Holdings is a privately held investment firm founded in 1988 and owned by the Khimji family. The company is headquartered in Dallas and has offices in New York and Vancouver, Canada. Highgate's current portfolio includes over 11,000 hotel rooms, 1.5 million square feet of commercial space, and has an estimated value of $2.9 billion.
- Rockpoint Group, LLC is a global real estate investment management firm with offices in Boston, Dallas, San Francisco, Frankfurt, London and Tokyo. Rockpoint was formed in 2003 by Pat Fox, Keith Gelb, Greg Hartman, Jonathan Paul and Bill Walton, who have been investing together for over ten years through three Rockpoint Funds and four prior funds, which total approximately $6 billion of invested equity in 250 transactions (total capitalization of approx. $30 billion). Rockpoint invests across all asset classes and geographic regions, with a focus on value creation and distressed/restructuring investments.
- Five Star Realty Partners, LLC is a principal real estate investing organization affiliated with Hodges Ward Elliott, a hotel brokerage and investment banking firm (detailed below). Five Star is dedicated to identifying and acquiring, in partnership with others, investments in gateway and select resort markets with strong long term demand characteristics and high barriers to entry. Five Star's principal owners and investors are Bill Hodges, Mark Elliott and Joe Thomas.
- Hodges Ward Elliott achieved record sales volume in 2006, doubling vs. the prior year both the number of hotels sold and the aggregate dollar value of the properties it represented. The firm was involved in the sale and/or financing of 191 hotels, resorts and golf courses in 2007, in locations ranging from Russia to mid-town Manhattan. Transaction volume totaled $5.7 billion. The partners are a significant source of proprietary opportunities within the hotel sector for Five Star.

Current Status / Business Plan

- The Borrower is executing a $6.7 million ($23,893 per key) hotel renovation which includes revamping the guestrooms with new beds and furniture, retrofitting food and beverage outlets (to be leased out to third party operators), renovating the exterior facade, and the conversion of the 11 SRO units into guest rooms and amenities.
- The Borrower converted part of the SRO space on the second floor to 13 guest rooms in third quarter 2007 and is currently in the process of creating conference space and a fitness center with the remaining space, which will substantially improve the hotel's appeal.
- For the trailing 12-months ending June 2008, the hotel captured about 86.7% share of the market on a RevPar basis, but retained over 105% share in terms of occupancy (based on a competitive set of full-service hotels located primarily in midtown; On The Ave is technically a select service hotel until the restaurant renovations are completed, which is expected by the end of the third quarter).

- The Smith Travel Research (STR) competitive set includes: Century Paramount Hotel (597 rooms), Royalton Hotel (168 rooms), The Michelangelo Hotel (179 rooms), Preferred Dream Hotel (220 rooms), The Muse (200 rooms) and the W Hotel New York Times Square (507 rooms).
- There is significant upside potential remaining in the asset post-renovation, given if the hotel is achieving rates comparable to other full-service hotels without an on-site F&B offering.

Operating Performance					
	2006	2007	TTM July 2008	2008 Re-forecast*	2009 Budget**
Occupancy	79.40%	89.30%	96.41%	95.55%	94.74%
ADR	$199.25	$227.90	$245.77	$260.03	$294.50
RevPAR	$158.20	$203.51	$236.94	$248.46	$279.00
RevPAR Index	70.3	82.3			
Revenue	$18,972,289	$23,338,616	$28,153,518	$30,076,479	$34,677,550
Expenses	$10,165,512	$12,517,239	$14,510,114	$14,963,000	$16,108,329
NOI	$8,806,777	$10,821,377	$13,643,404	$15,113,479	$18,569,221

**Re-forecast 2008 as of 5/31/08 based on Sponsor's numbers.*
***Sponsor ProForma*

Strengths

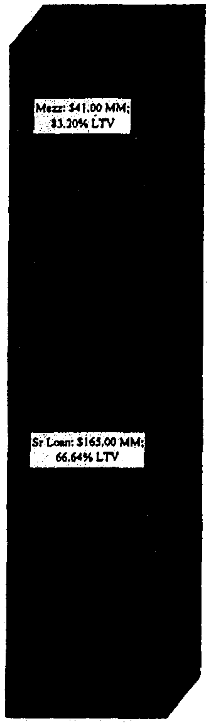
- The favorable supply trends resulting from significant condo-conversion over the last several years should support continued strength at the luxury end of the Manhattan hotel market. Long-term, New York is widely expected to remain one of the strongest hotel markets in the nation overall.
- Prohibitively high development costs, including those for raw land and materials, as well as a lack of available sites, is expected to augment the already high barriers to entry in the Manhattan market.
- Highgate Holdings and Rockpoint Group are experienced hotel investors and have a long and successful relationship with Lehman Brothers. As principals of a leading hotel brokerage firm, the partners of Five Star Realty are highly knowledgeable in hotel real estate.

Considerations

- By December 2010 an estimated total of 15,237 rooms are expected be delivered in the Manhattan market.
  - *Mitigant*: Out of the potential room additions, only 1,117 rooms (7.3%) are expected to be in the luxury tier.

n the Ave

t Stack (Fully Funded): $165.00 MM



Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Total Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV	Loan / Room (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Sr Loan	$165,000,000	$165,000,000	*77.1%*	$165,000,000	$165,000,000	*66.6%*	*$585,106*	*8.27%*	*11.3%*	1.64x	2.23x
Mezz	$41,000,000	$41,000,000	*96.3%*	$41,000,000	$41,000,000	*83.2%*	*$730,496*	*NAP*	*NAP*	NAP	NAP
Totals	**$165,000,000**	**$165,000,000**	***96.3%***	**$165,000,000**	**$165,000,000**	***83.2%***	***$730,496***	***NAP***	***NAP***	***NAP***	***NAP***

Property Type	Hotel	
Location	New York, NY	
Total Units	282 Rooms	
As-Is Appraised Value (Jul-07)	$213,900,000	*$758,511 / Room*
Stabilized Appraised Value (Jul-09)	$247,600,000	*$878,014 / Room*
Total Debt (Fully Funded)	$165,000,000	*$585,106 / Room*
Maturity (Senior)	8/9/2009	
Maturity (Mezzanine)	11/9/2008	

Notes

1. Based on the July 2008 TTM Net Cash Flow of $13,643,404 the DSCR on the senior loan is 1.64x, calculated using LIBOR of 2.48%.

2. The stabilized Debt Yield and DSCR are based on the Sponsor's projected 2009 NCF of $18,569,221.

3. The appraisal was completed in July 2007.

On the Avenue

As of August 2008

Retained Position Summary

	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
Senior Mezz	165,000,000	165,000,000	165,000,000	8/9/2009	None	L+3.50%
Junior Mezz	41,000,000	41,000,000	41,000,000	11/9/2008	None	12.00%
Totals	206,000,000	206,000,000	206,000,000			

Senior Mezz Terms

Orig Bal	$165,000,000	Coupon	None	Up-Front Reserves/Guaranty	
Current Funded	$165,000,000	Spread	3.50%	*Capital (TI/LC, Capex)*	$1,590,340
Future Funding	$0	LIBOR Cap (*If applicable*)	6.00%	*Unfunded TI/LC*	
Fully Funded	$165,000,000	Interest Payment Type	Interest Only	*Other*	$2,455,727
Maturity Date	8/9/2009	Amortization	None	Guaranty	Mahmood Khimji, Joseph C. Thomas, Jr., Wil
Extended Maturity	8/9/2010	Rate Type	Floating	Cross-Collateralization	None
Extension Provisions	1 x 12				

Call Protection

Comments Borrower recently excercised the first of 2 1-year extensions. Spread was changed from 2.50% to 3.50% with modification as of 8/9/2008.

Junior Mezz Terms

Orig Bal	$41,000,000	Coupon	12.00%	Up-Front Reserves/Guaranty	
Current Funded	$41,000,000	Spread	None	*Capital (TI/LC, Capex)*	
Future Funding	$0	LIBOR Cap (*If applicable*)	None	*Unfunded TI/LC*	
Fully Funded	$41,000,000	Interest Payment Type	Deferred	*Other*	
Maturity Date	11/9/2008	Amortization	None	Guaranty	None
Extended Maturity	2/9/2009	Rate Type	Fixed	Cross-Collateralization	None
Extension Provisions	1 x 3				

Call Protection

Comments The mezz loan has been modified to allow for 2 additional 3-month extensions of which one has already been exercised

Orig Bal		Coupon		Up-Front Reserves/Guaranty	
Current Funded		Spread		*Capital (TI/LC, Capex)*	
Future Funding		LIBOR Cap (*If applicable*)		*Unfunded TI/LC*	
Fully Funded		Interest Payment Type		*Other*	
Maturity Date		Amortization		Guaranty	
Extended Maturity		Rate Type		Cross-Collateralization	
Extension Provisions					

Call Protection

Comments

Orig Bal		Coupon		Up-Front Reserves/Guaranty	
Current Funded		Spread		*Capital (TI/LC, Capex)*	
Future Funding		LIBOR Cap (*If applicable*)		*Unfunded TI/LC*	
Fully Funded		Interest Payment Type		*Other*	
Maturity Date		Amortization		Guaranty	
Extended Maturity		Rate Type		Cross-Collateralization	
Extension Provisions					

Call Protection

Comments

On the Avenue

Property Information

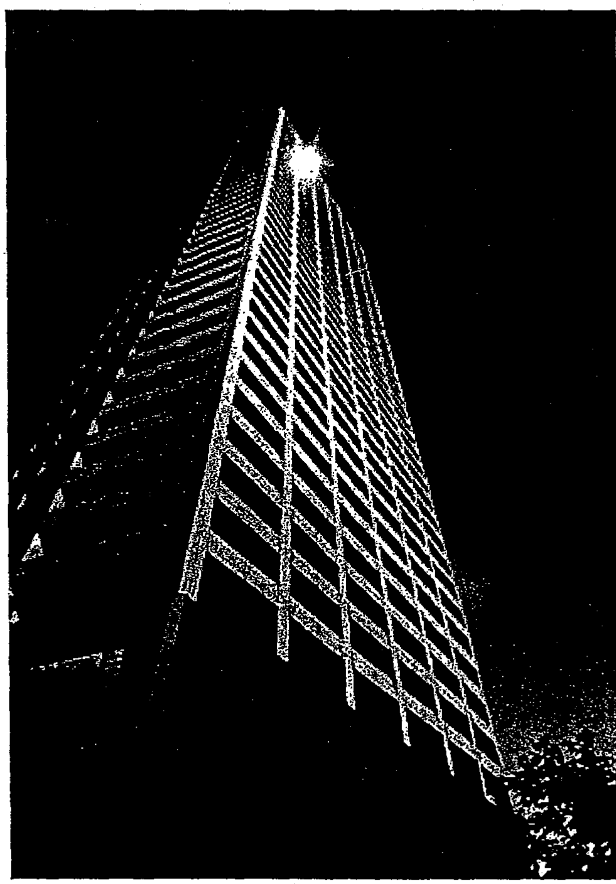
Property Name	On the Avenue	**Loan Purpose**	Acquisition and Renovation
Address	2178 Broadway New York, NY 10024	**Purchase Price**	$204,000,000
No. of Properties	1	**As-Is Appraised Value**	$213,900,000
Property Type	Hotel	**As-Is Appraised Value Date**	7/1/2007
Property Size	169,664 SF	**Stab. Appraised Value**	$247,600,000
Year Built / Renovated	1910 / 1999	**Stab. Appraised Value Date**	7/1/2009
		In-Place NOI	$13,643,404
		In-Place NCF	NAP
In-Place Occupancy	96.89%	**Stab. NOI**	NAP
Occupancy Date	T12 July 2008	**Stab. NCF**	NAP
Market Occupancy	87.80%	**Cash Flow Date**	T12 July 2008
Market Occupancy / Rents Date	T12 June 2008	**5 Yr Proforma NOI**	
In-Place Rents - 25% Below Market	$244.62	***YE 2009***	$17,328,710
Market Rents	$326.60	***YE 2010***	$18,630,320
		YE 2011	$19,201,770
		YE 2012	$19,762,607
		YE 2013	$20,358,469

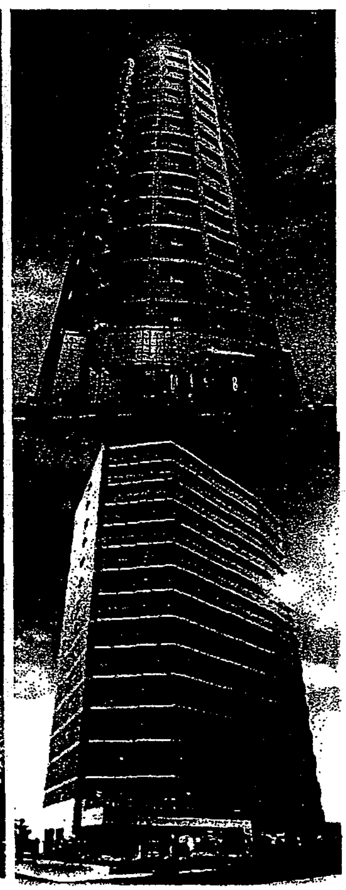
Supplemental Property Information

For Retail, Percent of Property that is Anchor Space? (%)	NAP	**Is the Hotel Flagged?**	No
PML (%)	NAP	**For Hotel, Average Daily Rate (A**	$244.62
		For Hotel, Revenue per Avail Room ($) (RevPar)	$237.00

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM





GK L-JAC SP2

JPY 21,284,383,787 Unsecured Recourse Subordinate Loan

- The largest property is the Nishi Shinjuku Tower and is divided into three strata-portions. The first portion contains floors 28 to 44 with high-grade residential condo units. The second portion contains floors 5 to 27 and is currently being leased up as high-grade rental apartments. The last portion contains floors one to four and consists of office and retail space.
- Of the for-sale condo units, a total of 55 out of 256 have been sold to date and the balance are currently being marketed. There are plans to reduce prices by 15% to further enhance sales. Of the rental units, there is a total of 356 units of which 146 have been leased. Of the commercial space there is a total of 3,246.61 square meters of which 2,117.51 square meters is either in contract or has been leased.
- Current asset liquidation plans have been behind proforma as the market for sale of land sites has slowed significantly given the lack of available financing for that collateral type. The Borrower is currently reviewing asset disposition prices and will likely reduce prices to enhance the sell-down strategy.

Location / Market

- Majority of the collateral is well-located within the Tokyo urban core. The sites are generally zoned for either mixed-use or residential development.
- The largest asset in the portfolio that represents 47.3% of value (Nishi Shinjuku Tower) is located in a central location in one of primary commercial hubs of Tokyo.
- In general, the macro environment for residential condominium sales has significantly decreased as supply has been added to the market and individuals have become more risk averse and sensitive to unit prices. Although, local financing for unit buyers is readily available on a primary basis the local banks have been more careful around speculative purchasers and requiring higher credit standards for those loans.

Sponsor

- The equity investors in Clearth include Revamp, Toranomon Capital and Lehman Brothers. Toranoman Capital is a local turn around investor and is responsible for the day to day management of the Company. Revamp is a well-known turn-around manager, and developed post-acquisition business strategy..
- Before the acquisition, Clearth was a listed in Tokyo Stock Exchange's first section, and was a recognized condominium developer in Japan with a strong brand.

Transaction Merits

- Well-located real estate collateral within the Tokyo core
- Well-secured loan structure with release pricing and no equity leakage
- Strong sponsorship by the Lehman Brothers, paired with well-experienced real estate developer, Clearth and real estate asset manager, Toranomon Capital.

LEHMAN BROTHERS

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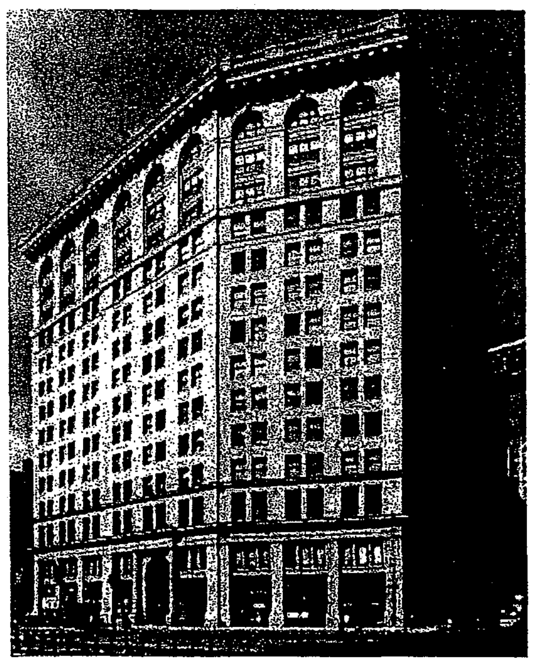
200 FIFTH AVENUE



NEW YORK, NEW YORK

200 FIFTH AVENUE SYNDICATION PARTNER, LLC

$217,300,000 Bridge Equity Interest

LEHMAN BROTHERS Real Estate Group — 200 Fifth Avenue

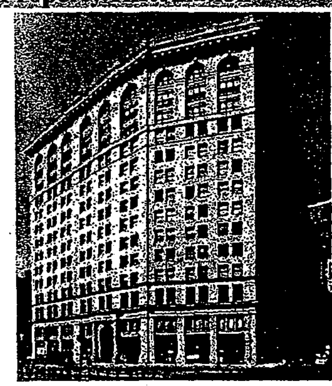
$217.3 MM Bridge Equity Interest

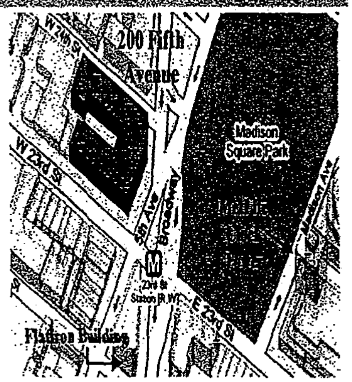
Lehman Brothers has funded the Bridge Equity utilized for the acquisition and redevelopment of 200 Fifth Avenue, a 14-story, 844,000 square foot office building located on Madison Square Park in New York City, New York.

Transaction Overview

- Lehman Brothers has funded $217,300,000 of bridge equity to L&L Holding Company, LLC and Lehman Brothers Real Estate Partners III (the "Sponsor") for the acquisition of the "Toy Building", located at 200 Fifth Avenue.
- The total funding represents an approximate 80% interest in the Venture.
- Construction financing totaling $580,000,000 has also been secured through other lenders in the form of a Construction Mortgage ($415MM) and a Mezzanine Loan ($165MM) to be used for building renovations and capital expenditures.
- To attract tenants seeking newly constructed Class A office space at a discount to Midtown rents, the Sponsor plans to transform 200 Fifth Avenue into a state-of-the-art office building that offers a historic façade along with new building systems, windows, common areas, lobby, retail store fronts, and a restored courtyard.

Property Information





- The Property consists of 844,000 SF of office (762,000 SF), retail (71,900 SF) and below grade storage (10,300 SF)
- Approximately 44% of the Property's total office square footage has been pre-leased to Grey Global Group at an average rent of $75.00 PSF over a 15-year term. The lease is guaranteed by Grey Global Group's parent company, WPP 2005 Limited (BBB+), a worldwide marketing and communications company.
- Historically know as the "Toy Building", the Property occupies the entire block-front of Fifth Avenue between 23rd and 24th Streets and affords views of the Flatiron Bldg. and MetLife Clock Tower
- The Property is highly accessible via six subway lines, and close to Penn Station, Grand Central Terminal and the Port Authority Bus Terminal

Location / Market

- Directly across from Madison Square Park, 200 Fifth Avenue is one of few Manhattan office buildings that fronts a major park
- Centrally located at the intersection of four established Manhattan districts—Chelsea, Midtown, Gramercy, and Flatiron
- Midtown South attracts a diverse base of high quality tenants including Credit Suisse, IBM, New York Life, and Reed Elsevier
- Popular restaurants and national retailers along Fifth Avenue, Broadway, and 23rd Street create a vibrant commercial corridor
- Average New York Class A office rents grew by an 8.1% annualized rate over the past five years and posted a 2.6% increase in 2007.
- The vacancy rate for Midtown Class A office was 4.9% in 2007, slightly below the current 5.2% rate for all Manhattan Class A office space.

Tenancy

- 200 Fifth Avenue is 44% pre-leased to Grey Global Group with a weighted average base rent of $75.00 per square foot over the 15 year term.

Capital Structure

Sources	Commitment	May31, 2008	Future Funding
Total Mortgage Loans	$415,000,000	$292,374,186	$122,625,814
Mezzanine Loan	$165,000,000	$34,524,186	$130,475,814
Total Debt	**$580,000,000**	**$326,898,372**	**$253,101,628**
L&L Equity	$5,000,000	$5,000,000	$0
Lehman Permanent Equity	$22,500,000	$22,500,000	$0
LBREP Equity	$22,500,000	$22,500,000	$0
Lehman Co-Investment Equity	$194,800,000	$194,800,000	$0
Total Equity	$244,800,000	$244,800,000	$0
Total Capitalization	**$824,800,000**	**$571,698,372**	**$253,101,628**

Uses	
Purchase Price	$480,000,000
Initial Expenses	$22,650,000
Hard Costs	$116,242,999
Soft Costs	$8,013,536
Other Development/Financing Costs	$197,893,465
Total	$824,800,000

Sponsorship

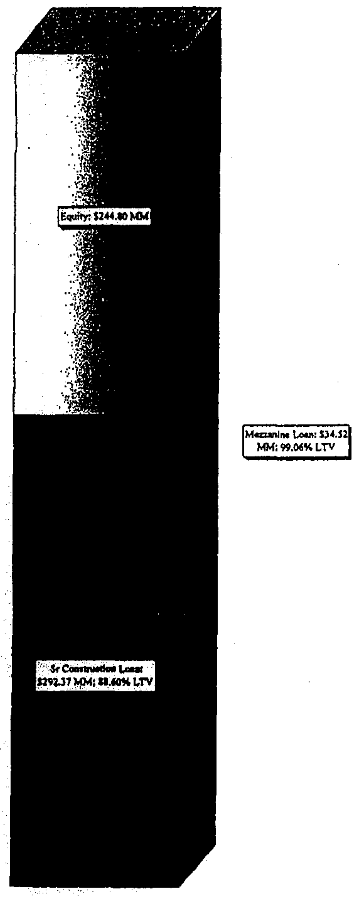
- L&L Holding Company, LLC is a Manhattan-based real estate development, investment, and management firm founded by David Levinson and Robert Lapidus in 2000.
- L&L currently owns and manages 5 million square feet of prime office space in Manhattan in nine buildings.
- L&L has partnered with numerous investors including Zurich Global Investment Advisors, GE Pension Trust, Principal Real Estate Investors, the Carlyle Group, BlackRock, Investcorp and Morgan Stanley.
- The principals of L&L average 25 years of real estate experience in transactions valued at over $15 billion in aggregate.

Loan Terms

- The Construction Mortgages of $146,187,093 and $146,187,093 are provided by Helaba and Deka respectively, totaling $292,374,186.
- The Construction Mortgages have a rate of L+2.75%. The Loan has a floor of 2.50% and a LIBOR hedge cap at 4.00%.
- The Construction Mortgages have two 6-month extension options.
- The Construction Mezzanine of $34,524,186 has a rate is 10.375% and has two 1-year extension options and a total commitment of $165,000,000.

00 Fifth Avenue

tal Cap (Fully Funded): $824.80 MM



Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Total Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV	Loan / SF (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Sr Construction Loan	$292,374,186	$0	*88.6%*	$415,000,000	$0	*55.3%*	*$492*	*NAP*	*NAP*	*NAP*	*NAP*
Mezzanine Loan	$34,524,186	$34,524,186	*99.1%*	$165,000,000	$0	*77.3%*	*$687*	*NAP*	*NAP*	*NAP*	*NAP*
Equity	$244,800,000	$217,300,000	*NAP*	$244,800,000	$217,300,000	*NAP*	*$977*	*NAP*	*NAP*	*NAP*	*NAP*
Totals	**$571,698,372**	**$251,824,186**	***NAP***	**$824,800,000**	**$217,300,000**	***NAP***	***NAP***	***NAP***	***NAP***	***NAP***	***NAP***

Property Type	Office	
Location	New York, NY	
Occupancy	44.00%	
Total Square Feet	844,000	
As-Is Appraised Value (Jun-08)	$330,000,000	*$391 / SF*
Stabilized Appraised Value (Jun-11)	$750,000,000	*$889 / SF*
Total Cap (Fully Funded)	$824,800,000	*$977 / SF*
Original Maturity	8/5/2009	
Extended Maturity	8/5/2009	

Notes

1. The Sr. construction loan was made by Helaba ($146,187,093) and Deka ($146,187,093) which replaced Lehman's initial $302MM loan.

2. Mezzanine Loan of $34,524,186 was replaced by Kennedy Associates in June 2008. Lehman Brothers will no longer have an interest in this Mezzanine Loan.

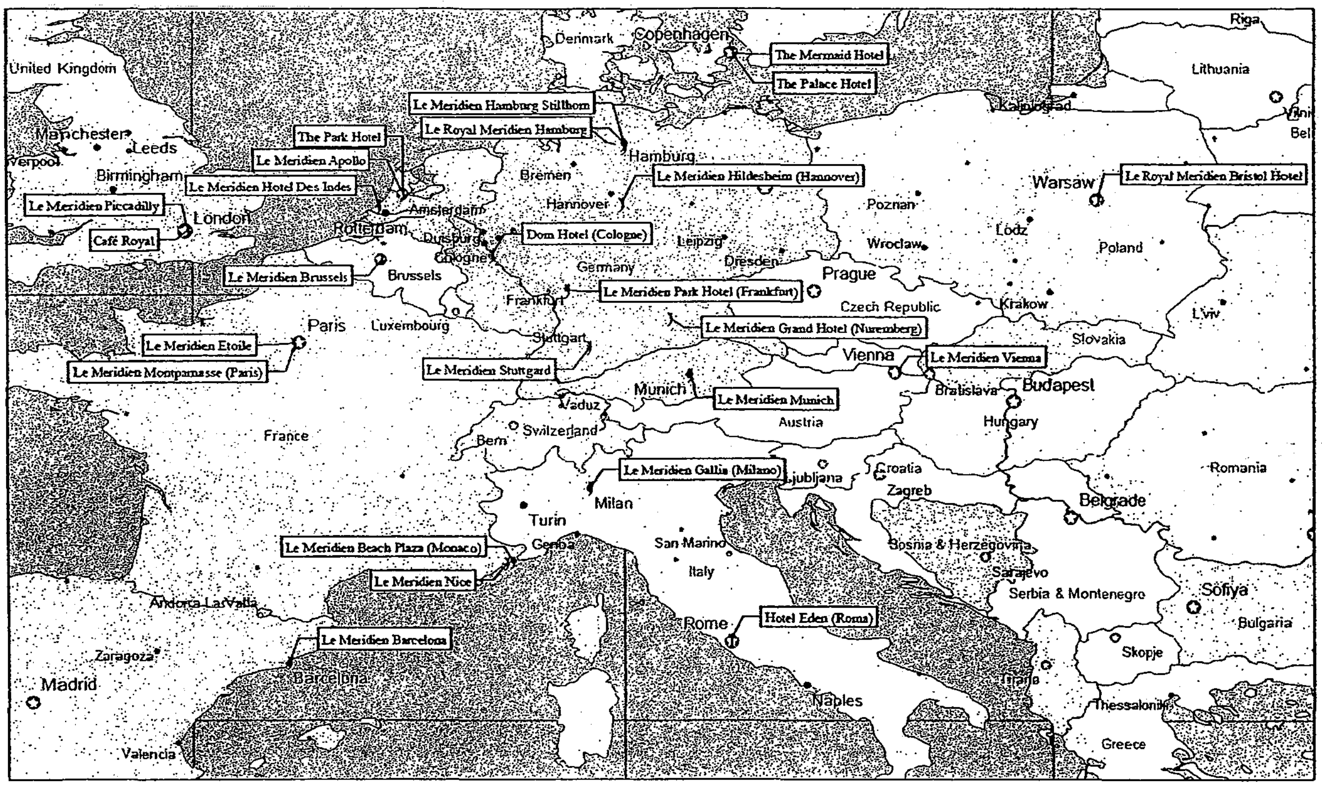
3. The $244.8 million equity position is allocated amongst the following parties: L&L Holding Company ($5 MM), LBREP ($22.5 MM), and Lehman Brothers ($217.3 MM).

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

STARMAN – LE MERIDIEN

INTERNATIONAL PORTFOLIO



The Mermaid Hotel
The Palace Hotel
Le Meridien Hamburg Stillhorn
Le Royal Meridien Hamburg
The Park Hotel
Le Meridien Apollo
Le Meridien Hotel Des Indes
Le Meridien Piccadilly
Café Royal
Le Meridien Hildesheim (Hannover)
Le Royal Meridien Bristol Hotel
Dom Hotel (Cologne)
Le Meridien Brussels
Le Meridien Park Hotel (Frankfurt)
Le Meridien Grand Hotel (Nuremberg)
Le Meridien Etoile
Le Meridien Montparnasse (Paris)
Le Meridien Stuttgard
Le Meridien Vienna
Le Meridien Munich
Le Meridien Gallia (Milano)
Le Meridien Beach Plaza (Monaco)
Le Meridien Nice
Hotel Eden (Roma)
Le Meridien Barcelona
United Kingdom
Manchester
Leeds
Birmingham
London
Denmark
Copenhagen
Hamburg
Bremen
Hannover
Amsterdam
Rotterdam
Duisburg
Cologne
Brussels
Leipzig
Dresden
Germany
Prague
Czech Republic
Frankfurt
Paris
Luxembourg
Stuttgart
Vienna
Bratislava
Budapest
Munich
Vaduz
Austria
Hungary
France
Bern
Switzerland
Riga
Lithuania
Kaliningrad
Warsaw
Poznan
Lodz
Wroclaw
Poland
Krakow
Slovakia
Lviv
Romania
Croatia
Ljubljana
Zagreb
Milan
Turin
Genoa
San Marino
Italy
Bosnia & Herzegovina
Sarajevo
Belgrade
Serbia & Montenegro
Sofiya
Bulgaria
Skopje
Andorra La Vella
Zaragoza
Madrid
Barcelona
Rome
Naples
Tirana
Thessaloniki
Greece
Valencia

Lehman and Starwood Capital Group acquired the 31 owned and leased hotel assets from Le Meridien for approximately £91.6 million of equity.

Transaction Overview

- The joint venture between Lehman and Starwood Capital Group ("SCG") is known as Starman Hotel Holdings L.L.C. Lehman and SCG each own 50% of Starman.
- Starman acquired all of the Le Meridien owned and leased hotels by acquiring an entity called Meridien Netherlands Holdings BV ("MNHBV"), the parent company of the Meridien Portfolio.
- Starman initially acquired the 31 owned and leased hotel assets of Le Meridien Hotels and Resorts for €837.0 million. Both Lehman and SCG each invested €91.6 million of equity into the transaction. Eight hotels have sold-to-date bringing the balance of Lehman's outstanding equity basis to €33.9 million.

31-Property Portfolio	
Total Value*	€ 1,255,810,000
Starman Purchase Price	€ 837,000,000
Profit	€ 418,810,000
50% Equity Share	€ 209,405,000
Value of LB Equity	**€ 209,405,000**

* Adjusted for actual purchase prices on the eight properties sold

Property Information

- Many of the Group's assets (The Eden in Rome, the Etoile in Paris) are world-renowned facilities with independent name recognition. Starwood Capital Group and Lehman own the brand and are formulating a brand strategy that will aid in identifying differentiating features of Meridien Hotels going forward.
- Properties Sold - The Park Hotel in Amsterdam and the Hildesheim properties sold for 55.9 million Euros. The Amsterdam Apollo sold for 48 million Euros. The Le Meridien Milan sold in December 2006 for 105 million Euros. The Le Meridien Phoenicia in Malta sold for 18.2 million Euros in August 2007. The Hamburg Stillhorn was sold in November 2007. Le Meridien Dona Filipa and Le Meridien Penina Golf & Resort are the most recent property dispositions.
- Properties Being Marketed for Sale - Nine properties across Guyana, Toronto, Germany, Austria and the Netherlands are currently being marketed for sale. DTZ has been retained as the exclusive agent to arrange the sale of the eight properties in Germany, Austria and the Netherlands.
- As of August 31 2008, eight properties have sold and the ground lease has expired on the Rio property.

Remaining 23 Properties			
Location	**# of Rooms**	**Location**	**# of Rooms**
Etoile	1025	Hague	92
Nice	318	Monte Carlo	403
Montparnasse	953	Vienna	294
Frankfurt	297	Barcelona	233
Cologne	124	Brussels	224
Hamburg Royal	284	Copenhagen Palace	162
Munich	381	Warsaw	205
Nuremburg	186	Casablanca	182
Stuttgart	281	Seychelles	70
Eden	121	Guyana	130
Piccadilly	266	Toronto	296
Café Royal*	0		
		Total	**6527**

* Café Royal is a restaurant

Location / Market

- The majority of the Le Meridien Portfolio is located in primary markets throughout Europe. As an "upper upscale" hotel brand, Le Meridien occupies a unique position in the hotel industry in that it is distinctly identified as a "European" brand throughout the world.

Sponsorship

- The joint venture investment between Lehman and Starwood Capital Group is known as Starman Hotel Holdings L.L.C. ("Starman").
- Starwood Capital. Starwood Capital is a private investment firm that was founded in 1991. Since its inception, Starwood Capital has completed more than 200 transactions representing assets in excess of $19 billion. Public companies created by Starwood Capital have gone on to acquire, often with Starwood's assistance, an additional $20 billion in assets.

Current Status / Business Plan

- Starman estimates that nineteen properties will be sold in 2008, five properties will be sold in 2009 and the last property will be sold in the first quarter of 2010. In total, the remaining 23 properties are expected to be sold within a period lasting just over two years. This is within the original anticipated exit date of December 2010.
- There are five loans remaining on the 23 properties. The loans mature January 20, 2010 excluding the Portugal loan, which matures January 20, 2011.

Strengths

- The transaction represents an exceptional opportunity for Lehman to reduce its debt exposure to Le Meridien. Lehman had a significant debt investment in the company through senior debt, senior mezzanine and junior mezzanine facilities. The restructuring significantly reduced Lehman's exposure to Le Meridien.
- As part of this recapitalization, the company was be restructured to provide a more legal and tax efficient structure. By moving all of the assets below MNHBV the portfolio is able to operate more efficiently.
- The operating agreement with Starwood is expected to improve the performance of the portfolio as the assets will benefit from Starwood's marketing and reservation functions and lower its cost of operations through purchasing economies. Starwood is committed to the Le Meridien Management Business and believes that it will be a valuable addition to its existing portfolio of brands. Starwood intends to enthusiastically support and grow the Le Meridien brand by applying its marketing and other hotel management capabilities to develop the unique qualities of the Le Meridien business.

Considerations

- The overall financial condition of the original company had, in the past, strained the operations of the individual hotels as there has been no capital to maintain the high quality standard required for this type of luxury hotel brand.
    - *Mitigant:* An integral part of the Lehman and SCG business plan was to efficiently invest capital throughout the group to upgrade the quality of the hotels. The brand continues to be defined and repositioned within the Starwood system and performance among Meriden properties is anticipated to continue to improve.

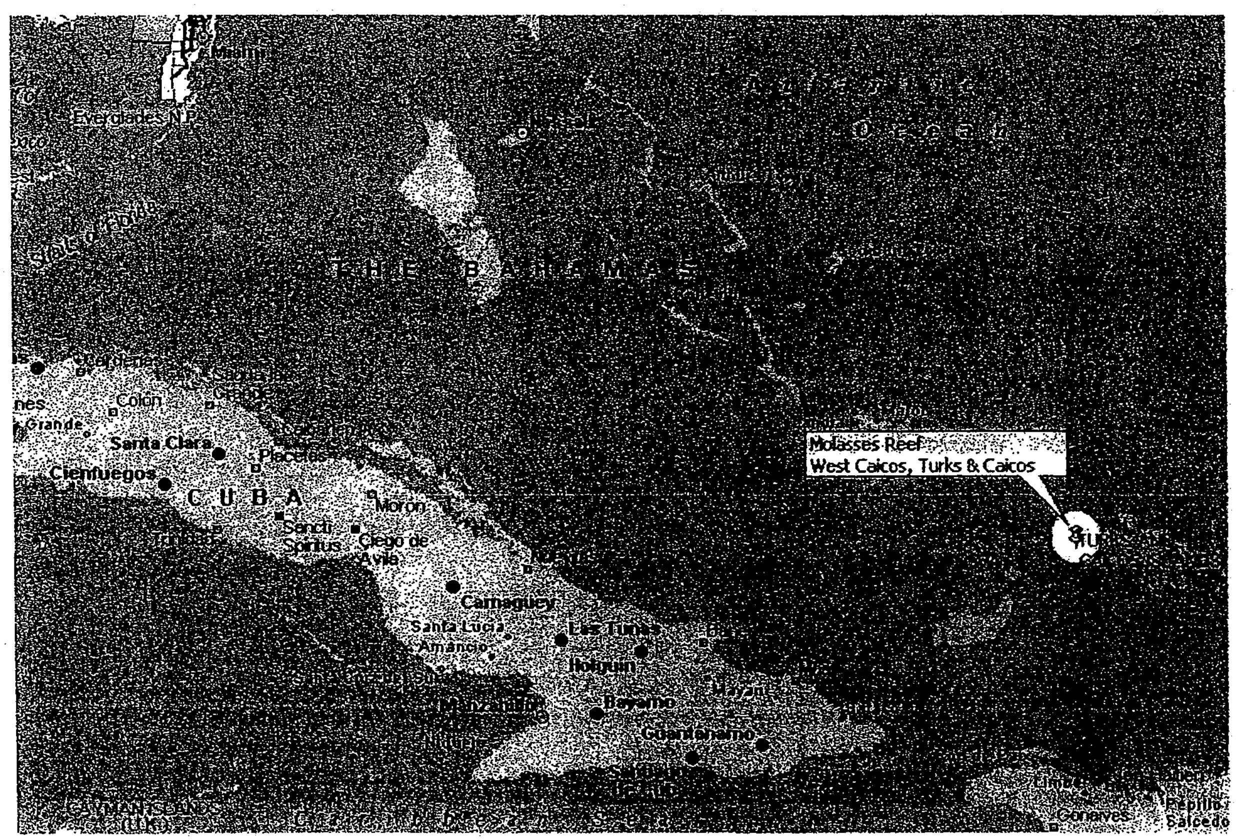
LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

MOLASSES REEF, A RITZ-CARLTON RESERVE

WEST CAICOS, TURKS & CAICOS

Construction Photo – February 2008



Lehman Brothers financed the acquisition and development of Molasses Reef, A Ritz Carlton Reserve featuring 125-key hotel, and 397 condominium-hotel units and residences in West Caicos, Turks & Caicos.

Transaction Overview

- Lehman Brothers provided a $127,000,000 floating rate senior loan, a protective advance from the senior loan of $17,736,986, a partnership loan of $49,624,039 to a partnership between Lehman, Gencom Group ("Gencom") and Logwood Development Co. Ltd. ("LDC") (collectively, the "Borrower" or "LHDC") for the acquisition and ground-up development of Molasses Reef, A Ritz Carlton Reserve, a new 125-key 6-star luxury hotel and 397 for-sale condominium units and residences on the island of West Caicos located in the Turks & Caicos islands
- Additionally, Lehman invested $17,620,000 of equity in the transaction.

DEAL CAPITALIZATION

	Phase I Budget**	Balance May 31, 2008	%
Unsourced Third Party Debt*	$129,202,106	$0	0%
Lehman Senior Debt	$127,000,000	$127,000,000	50%
Lehman Partnership Loan^	$49,624,039	$49,624,039	20%
Borrower Preferred Equity	$4,963,314	$4,963,314	2%
Lehman Equity	$17,620,000	$17,620,000	7%
Gencom Cash Equity	$5,580,000	$5,580,000	2%
LDC Contributed Land Equity	$22,500,000	$22,500,000	9%
Imputed Land Equity	$23,958,268	$0	0%
Ritz Key Money	$4,500,000	$0	0%
Deposits	$50,944,361	$26,726,195	11%
Total	**$435,892,088**	**$254,013,548**	**100%**

* Lehman has the option but not the obligation to fund all or part of this debt

** The total includes the budgeted costs for Phase I and the spent to date costs in Phase II - see Project Budget

^ Lehman has the ability to convert this partnership loan into additional equity interest within the venture.

DEAL CAPITALIZATION

	Phase I Budget**	Balance Aug 2008	%
Unsourced Third Party Debt*	$129,202,106	$0	0%
Lehman Senior Debt	$127,000,000	$127,000,000	50%
Lehman Partnership Loan^	$49,624,039	$49,624,039	20%
Borrower Preferred Equity	$4,963,314	$4,963,314	2%
Lehman Equity	$17,620,000	$17,620,000	7%
Gencom Cash Equity	$5,580,000	$5,580,000	2%
LDC Contributed Land Equity	$22,500,000	$22,500,000	9%
Imputed Land Equity	$23,958,268	$0	0%
Ritz Key Money	$4,500,000	$0	0%
Deposits	$50,944,361	$26,726,195	11%
Total	**$435,892,088**	**$254,013,548**	**100%**

* Lehman has the option but not the obligation to fund all or part of this debt

** The total includes the budgeted costs for Phase I and the spent to date costs in Phase II - see Project Budget

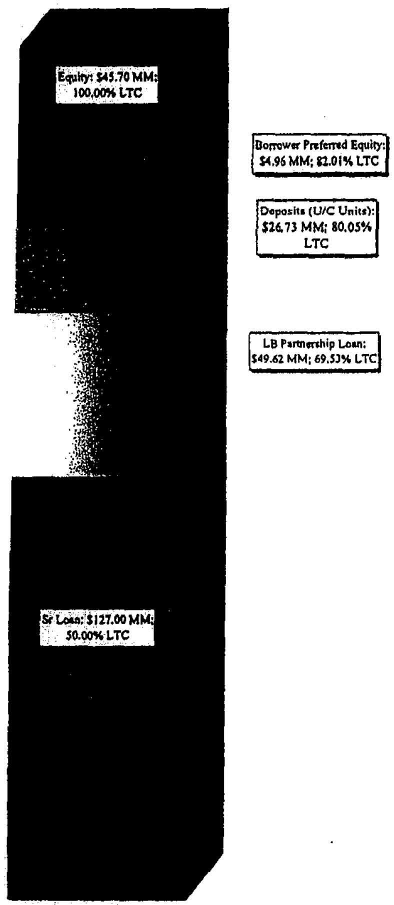
^ Lehman has the ability to convert this partnership loan into additional equity interest within the venture.

Property Information

- The full Molasses Reef development is comprised of 125 hotel rooms and 397 for-sale units and estate homes with 1,023,493 sellable square feet.
- Molasses Reef will have three food and beverage offerings, featuring renowned chef Gray Kunz. Amenities will include a full-service spa, pools, and ocean-front guest suites with private terraces.
- The resort will also include 116 marina slips, retail village, and self-contained power, water and telecommunications infrastructure.

olasses Reef Resort

Cap (Fully Funded): $407.43 MM



Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	LTC	Total Balance (Fully Funded)	LB Balance (Fully Funded)	LTC	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Unsourced 3rd Party Debt	$0	$0	*0.0%*	$129,202,106	$0	*31.4%*	*NAP*	*NAP*	*NAP*	*NAP*
Sr Loan	$127,000,000	$127,000,000	*50.0%*	$127,000,000	$127,000,000	*62.2%*	*NAP*	*NAP*	*NAP*	*NAP*
LB Partnership Loan	$49,624,039	$49,624,039	*69.5%*	$49,624,039	$49,624,039	*74.2%*	*NAP*	*NAP*	*NAP*	*NAP*
Deposits (U/C Units)	$26,726,195	$0	*80.1%*	$50,944,361	$0	*86.6%*	*NAP*	*NAP*	*NAP*	*NAP*
Borrower Preferred Equity	$4,963,314	$0	*82.0%*	$4,963,314	$0	*87.8%*	*NAP*	*NAP*	*NAP*	*NAP*
Equity	$45,700,000	$17,620,000	*100.0%*	$45,700,000	$17,620,000	*98.9%*	*NAP*	*NAP*	*NAP*	*NAP*
Totals	**$254,013,548**	**$194,244,039**	***100.0%***	**$407,433,820**	**$194,244,039**	***98.9%***	***NAP***	***NAP***	***NAP***	***NAP***

Property Type	Hotel & Residences
Location	West Caicos, Turks & Caicos
Total Cost (Aug-08)	$254,013,548
Total Cost (Fully Funded)	$411,933,820
Original Maturity	5/1/2009
Extended Maturity	5/1/2011

Notes

1. The Total Equity Balance (fully funded) is at book value, and does not include market value of imputed land equity.

2. Lehman has the option, but not the obligation, to fund all or part of the unsourced 3rd Party Debt.

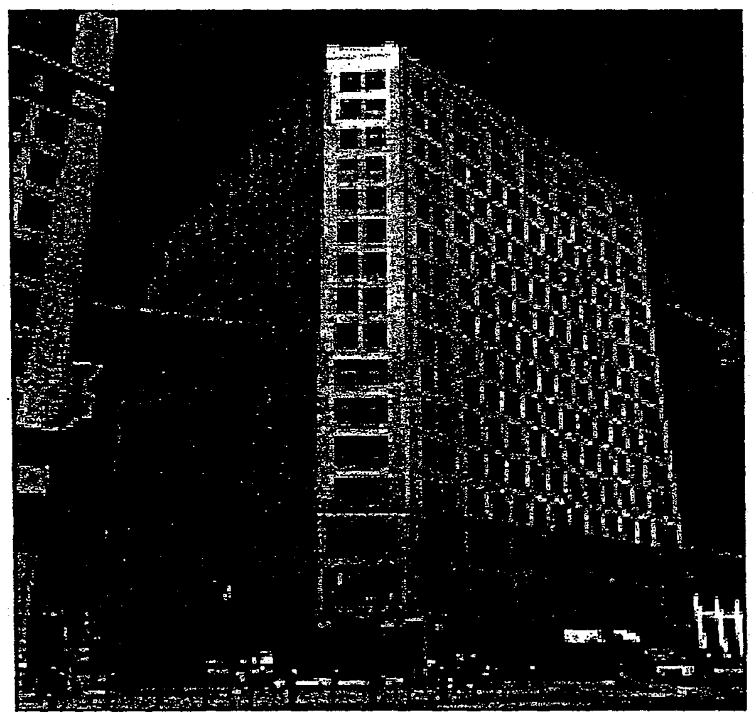
3. Total Cost (fully funded) excludes $23,958,268 of imputed land equity.

4. Total Cost (fully funded) includes $4.50M of Ritz Key Money, which Ritz Carlton contributes at no basis for project costs.

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

1107 BROADWAY (TOY BUILDING)



NEW YORK, NY 10010

LEHMAN BROTHERS Real Estate Group 1107 Broadway (Toy Building) [redacted]

Lehman Brothers financed the acquisition and pre-development of, a 16-story 253,344 net residential sf condominium conversion with 19,000 sf of retail space located in the Madison Square Park section of Manhattan, New York. The loan agreements also provide Lehman Brothers with the right but no obligation to provide financing for the development phase of the Project.

Transaction Overview

- Lehman Brothers originated a $305,200,000 floating rate loan ("Floating Rate Loan") in October 2007, split into a $236,000,000 A Note, a $10,000,000 B-Note, and a $59,200,000 Mezzanine Loan. $188,200,000 of the $305,200,000 is available to the Sponsor during the pre-development period of the loan.
- The A/B-Note and Mezzanine Loans' proceeds were used by Tessler Developments for the acquisition and pre-development of 1107 Broadway (the "Property").
- Transaction Sources and Uses:

Sources	Predevelopment	$ PSF	Total Project	$ PSF	% Total
First Mortgage	$154,336,000	$567	$246,000,000	$903	64%
Senior A Note	*$148,062,179*	*$544*	*$236,000,000*	*$867*	*61%*
Senior B Note	*$6,273,821*	*$23*	*$10,000,000*	*$37*	*3%*
Senior Mezz Loan	$33,864,000	$124	$59,200,000	$217	15%
Junior Mezz Loan	$38,200,000	$140	$38,200,000	$140	10%
Borrower Equity	$41,845,898	$154	$41,515,898	$152	11%
Total	**$268,245,898**	**$985**	**$384,915,898**	**$1,413**	**100%**

Uses	Predevelopment	$ PSF	Total Project	$ PSF	% Total
Acquisition Costs	$240,791,962	$884	$240,791,962	$884	63%
Hard Costs	$1,760,662	$6	$75,824,662	$278	20%
Soft Costs	$10,374,274	$38	$20,988,274	$77	5%
Carry Costs	$15,319,000	$56	$47,311,000	$174	12%
Total	**$268,245,898**	**$985**	**$384,915,898**	**$1,413**	**100%**

Property Information

- 237 Park Avenue is a 16-story 253,344 net residential sf office building, with 19,000 sf of street level retail space, being converted into 162 residential condominiums, on the West side of Madison Square Park ("Park") directly across the street from the Park. A great number of office buildings in the surrounding area have and continue to be converted to residential use in addition to new residential development, as the area becomes an increasingly popular residential neighborhood.
- The Conversion will create 162 residential units that are being designed by John Pawson, who also designed the nearby 50 Gramacy Park North development for Ian Schrager. Approximately 58 units (36%) will have Park views. Of the 162 units, 22 units will be on 7 newly constructed floors, and the majority of these units will have 3 way–panoramic views. The Sponsor received building department approvals for the new construction in the Spring of 2008.

Location / Market

- The subject is located in the Madison Square Park section of Manhattan. This area does not technically have a neighborhood name, but is often associated with the surrounding neighborhoods of Chelsea to the west, the Flatiron District and Gramercy Park to the south, Kips Bay to the east and Murray Hill to the north. The anchor of the area is Madison Square Park, which, although it is at the northern end of Manhattan's Flatiron District, is really the heart of the district. The park contains 6.2 acres and is situated between 23rd and 26th Streets and Fifth and Madison Avenues.
- Most recently the Madison Square Park area has been marketed as a residential destination. A great number of office buildings in the surrounding area have been sold over the past 3 years. Investors have purchased these properties with plans to convert class B office space into residential condominiums. On Madison Avenue several loft office buildings have been or are in the process of being converted to high-end residential condominiums. As all the development in the area illustrates, the three interconnected neighborhoods of Madison Square Park, the Flatiron District, and Park Avenue South have become some of the most popular residential locations in Manhattan..

Sponsorship

- Tessler Developments, LLC, whose principal is Yitzchak Tessler, is an active developer of luxury residential condominiums in Manhattan. Tessler has been involved in five condo-conversion projects over the last seven years including The Textile Building at 66 Leonard, The Bryant Park Hotel, 150 Nassau Street, 260 Park, Windsor Hotel, and 240 Park Avenue South in addition to two student housing projects.

Current Status / Business Plan

- The Property is presently vacant, with the exception of a 7,500 sf lease to Citibank, at $95.53 psf (with rent increases of 10% in 2010 and 2013). The lease expires in 2014 but contains a renewal option at 95% of market rent.
- Building plans, specifications and construction drawings are nearly complete and the project is out for bid with trades. Total project costs are anticipated to be $384.9 million.
- Condominium offering approval is expected to be received in October 2008 with an on-site sales office being opened shortly thereafter. The Sponsor has chosen Prudential Douglas Elliman to market the units.
- Model apartments are presently being constructed in anticipation of the sales opening.

Strengths

- *Prime Residential Location:* The property is located on the west side of Madison Square Park. In addition to its proximity to the City's major employment center, the Madison Square Park area has good access to shopping, public transportation and various cultural, educational and recreational amenities. There are many nearby shops and restaurants. The 6 subway line has a station stop at both 23rd and 28th Street and Park Avenue, while the N and R lines stop at 23rd Street and Broadway. This subway line provides access to various other subway lines throughout the city. Bus lines run on all major avenues and cross streets including 34th Street.

- *Experienced Sponsorship:* Founded by Yitzchak Tessler, Tessler Developments LLC benefits from an experienced management team with a proven track record, specializing in ultra luxury condominium developments. In just seven years, Tessler Developments has set a standard for luxury living in NYC with developments such as The Textile Building (66 Leonard) , The Bryant Park Hotel, 150 Nassau Street, 260 Park Ave South, 240 Park Ave South, and Windsor Park Condominium.

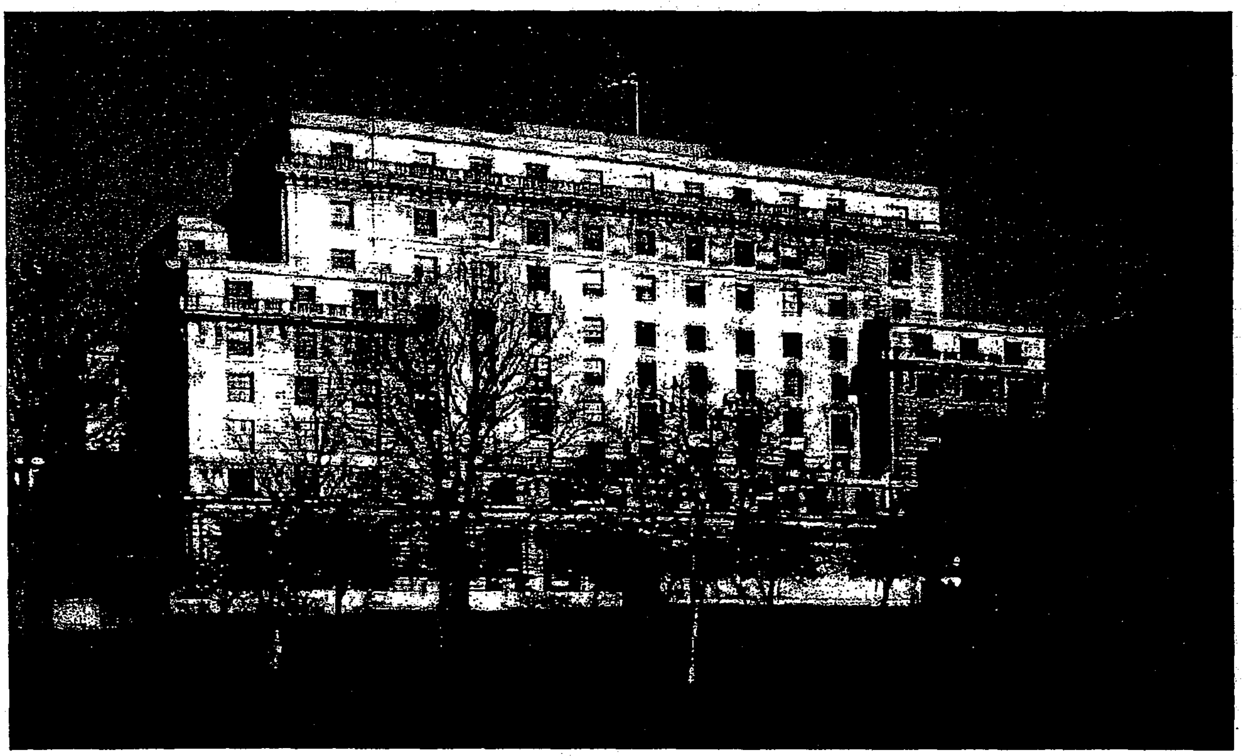
Considerations

- The project does not have a commitment for development financing.
    - *Mitigant:* The pre-development loan is presently being extended for up to six months to allow the Sponsor to obtain pre-sales and to obtain third party development financing.

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

DEVONSHIRE HOUSE



LONDON, UK

DCD/WITKOFF GROUP

$147MM BRIDGE EQUITY

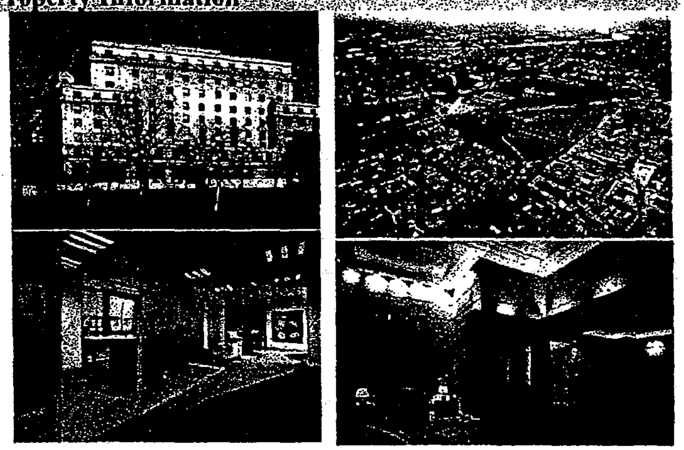
August, 2008

Lehman Brothers holds the un-syndicated portion of Bridge Equity utilized for the acquisition of Devonshire House, a 186,472 SF Class A office property in London, England.

Transaction Overview

- Lehman Brothers originated a $375.6 million senior loan (the "Loan") and $27.6 million capex facility (both securitized) and $183.1 million in Bridge Equity.
- The Senior Loan and Bridge Equity proceeds were used by a Joint Venture of The Witkoff Group and DCD Group to acquire Devonshire House (the "Property").
- Based on the appraised value (as of July '08) of $514.0 million, the LTV for the Senior Loan excluding undrawn capex is 73.0% (73.7% with drawn capex)
- $147.5M of Bridge Equity is available for syndication, ($35.6 million was syndicated in March '08).

Property Information



- Devonshire House is a prime Mayfair Grade A office building (includes 9 retail units and 19 car parking spaces) comprising 186,472 sq ft net lettable area over three basements, ground and 10 upper floors. The steel frame building was originally constructed in 1926 and comprehensively redeveloped in 1983 by Land Securities to include the addition of the 9th and 10th floors.
- The Property is situated on a 0.75 acre island site within the West End opposite the famous Ritz Hotel with striking views over Green Park and Buckingham Palace. The Green Park tube station is located within the property itself. The West End is the most desirable office and retail location in Central London.
- Devonshire House also benefits from a double height reception, flexible floor plates (from 5,200 sq ft – 23,200 sq ft), average floor to ceiling height of 2.6 meters (8.4 feet), fully accessible 50mm raised floors, metal tile suspended ceilings, four pipe fan coil air conditioning with secondary glazing and eleven elevators.

Tenancy

- Devonshire House is let to 14 diverse tenants including Alliance Bernstein, Boston Consulting Group and Bain Capital, currently generating c. $24.3 million of gross rental income per annum ($130 psf).
- Building occupancy is 100% with 14 diverse tenants occupying under fully repairing and insuring (i.e. triple-net) leases with contracted rent c. 40% below current market, and weighted average term to expiry of over 6 years.
- Average office rents for the building are c. $135 psf, versus average prime market rents for the West End of over $217 psf.
- Most recent office lease signed in the building was by Alliance Bernstein for $217 psf on 7th floor with offers of $235 psf for half of the area, creating substantial rental evidence for rent reviews. EZI rent review on 9th floor settled at $197 psf.
- Over 30% of passing rent will be subject to a lease break or review in the next four years which will allow the Sponsor to capitalize on both significantly higher current market rents and future rental growth.

Major Tenants Summary

Tenant	Square Footage	% of Total	Lease Expiry Date
Alliance Bernstein Ltd	64,655	34.70%	Jun-17
Boston Consulting Group	37,858	20.30%	Jun - 09 & Sept - 10
Bain Capital	23,272	12.50%	Jun-10
EZI Limited	20,668	11.10%	Mar-17
Marks & Spencer	9,618	5.20%	Sep-17
EIM UK Limited	7,862	4.20%	Mar-17
Volkswagen Group UK (Audi Dealer)	7,084	3.80%	Dec-15

Location / Market

- Devonshire House is situated on a prime island site in London's prestigious West End. The property lies opposite Green Park and the Ritz hotel and is adjacent to Berkeley Square and Bond Street. Its position borders both Mayfair and the West End which are considered to be London's most desirable addresses for commercial, retail, residential and leisure assets, attracting many of London's most successful hedge funds, asset managers, private equity funds and retail brands.
- Mayfair is London's most exclusive district with the largest concentration of luxury hotels and many fine restaurants. Assets in Mayfair include the United States Embassy, the Royal Academy of Arts, the Grosvenor House Hotel and Claridges Hotel. Occupational rents across all property classes are among the highest in London and in the World.

Capital Structure

Sources		LTV	PSF	Uses		PSF
Mortgage - Securitized	$375,601,704	73%	$ 2,014	Purchase Price	$557,472,003	$ 2,990
Capex - Securitized	$27,675,915	78%	$ 148			
				Closing Costs	$14,938,973	$ 80
Witkoff/DCD Equity	$20,343,172		$ 109	Interest Reserve	$6,622,451	$ 36
Co-Investment Equity	$183,088,551		$ 982	Working Capital	$27,675,915	$ 148
Total Equity	$203,431,723		$ 1,091			
Total Sources	$606,709,342			Total Uses	$606,709,342	$ 3,254

Note: $3.4MM of Capex Facility of $27MM has been drawn to date

Sponsorship

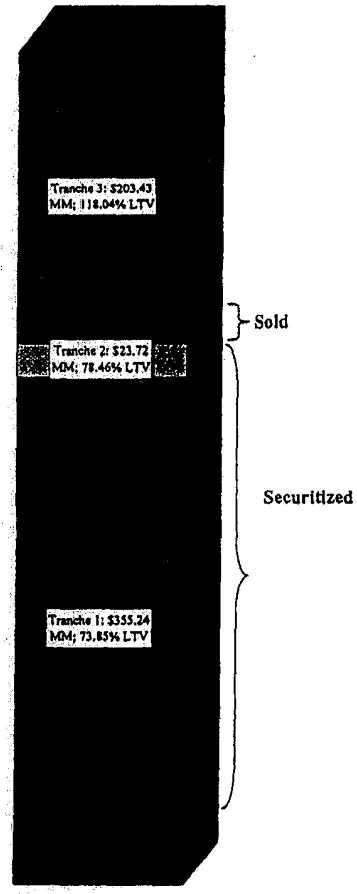
- Joint Venture of Witkoff Group and DCD Group: "Witkoff" is considered globally as one of the most successful and well-respected real estate owner/operators. DCD has a broad range of property investments in all sub-sectors in the UK, New York, Middle East, India, and Japan. Pelham Associates, a DCD subsidiary, will be managing Devonshire House. Pelham currently manages $2 billion worth of property assets and transacted $750 million of sales/purchases in 2006.

Loan and Bridge Equity Terms

- The Senior Loan is interest only and has a term of seven years (April 15th, 2014).
- The Loan has interest reserve of $9.8 million ($6.6. million was funded on closing) for potential shortfalls as space is renewed or relet.
- The Bridge Equity is pari-pasu to Sponsor equity of $20.3 million.

)evonshire House

›tal Cap (Fully Funded: $606.71 MM



FIXED-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	Available Balance (Current Funded)	As-Is LTV	Loan Balance (Fully Funded)	Available Balance (Fully Funded)	Stab. LTV	Loan / Sq ft (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Tranche 1: Securitized	$355,240,138	$0	*69.1%*	$379,555,406	$0	*73.8%*	*$2,035*	*6.87%*	*6.4%*	1.15x	1.06x
Tranche 2: B-Note	$23,722,213	$0	*73.7%*	$23,722,213	$0	*78.5%*	*$2,163*	*6.44%*	*6.1%*	1.08x	1.00x
Tranche 3: Equity	$203,429,837	$147,504,720	*113.3%*	$203,429,837	$147,504,720	*118.0%*	*$3,254*	*4.19%*	*4.0%*	1.08x	1.00x
Totals	**$582,392,187**	**$147,504,720**	***113.3%***	**$606,707,456**	**$147,504,720**	***118.0%***	***$3,254***	***4.19%***	***4.02%***	***1.08x***	***1.00x***

Property Type	Office	
Location	London, UK	
Occupancy	100.00%	
Total Units	186,472 Sq ft	
As-Is Appraised Value (07/16/2008)	$513,981,279	*$2,756 / Sq ft*
Stabilized Appraised Value (07/16/2008)	$513,981,279	*$2,756 / Sq ft*
Total Cap (Fully Funded)	$606,707,456	*$3,254 / Sq ft*
Original Maturity	04/15/2014	
Extended Maturity	04/15/2014	

Notes

1. Sponsor equity of £10M ($20.3M) not included in stack

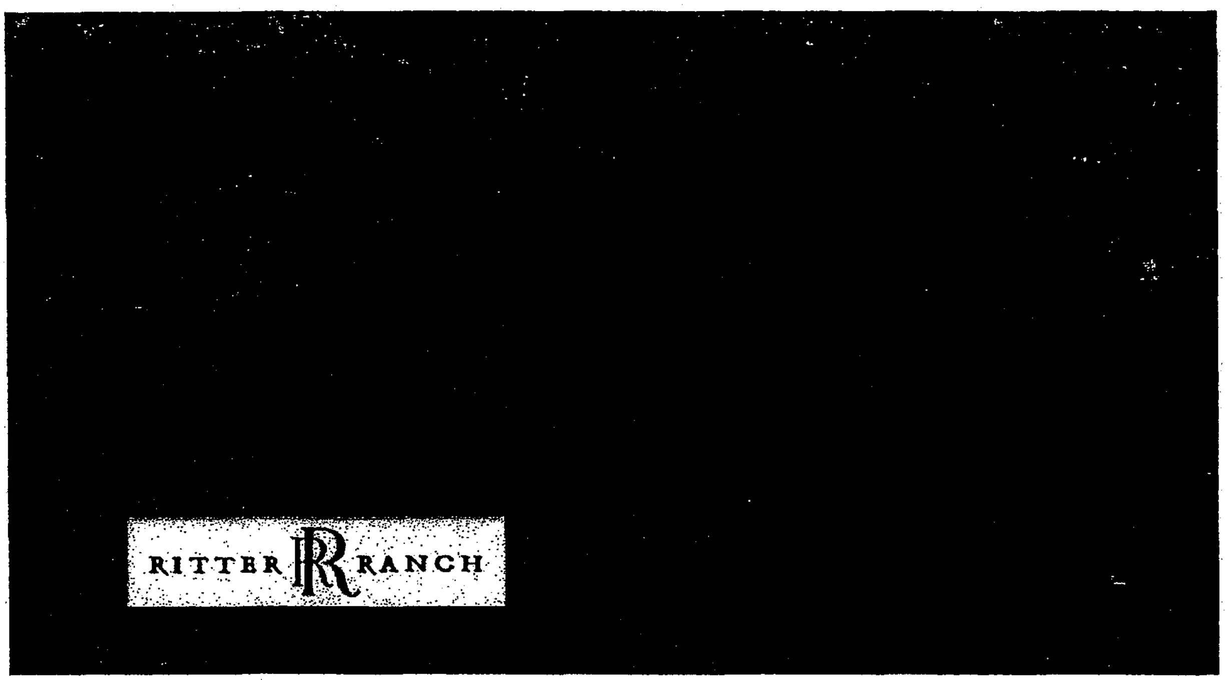
2. Coverages are based on the LIBOR rate of 5.96%

3. The property is significantly under-rented

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

RITTER RANCH



PALMDALE, CALIFORNIA
$238,418,768 SENIOR SECURED LOAN
$95,000,000 MEZZANINE LOAN

Transaction Overview

- On February 8, 2007, Lehman closed on a $264 million senior secured loan for SunCal's Ritter Ranch development, comprised of a $55 million revolver and $209 million term loan. Collateral for the Senior Secured Loan includes a first priority deed of trust on the Ritter Ranch property.
- Proceeds from Senior Secured Loan were used to: refinance an existing acquisition and development loan provided by Credit Suisse, fund project development costs, fund a development reserve and pay related fees and expenses.
- On March 30 2007, Lehman funded a $95 million mezzanine loan, secured by a pledge of equity in the Ritter Ranch project.
- Proceeds from the Mezzanine Facility were used to repay certain corporate debt of SunCal and for general corporate purposes.
- As of May 2008, the balance of the Senior Secured Loan was $238.4 million and the balance of the Mezzanine Loan was $95.0 million.

Sources and Uses of Funds

Sources	As of 5/31/08	% Total
Senior Secured Loan	$ 238,418,768	74.5%
Mezzanine Loan	95,000,000	29.7%
Development Reserve	(24,904,636)	-7.8%
Secondary Investor Equity	25,798,077	8.1%
CFD Bond Acquisition	(37,114,239)	-11.6%
Project Revenue	22,905,257	7.2%
Total	**$ 320,103,227**	**100.0%**
Uses	**As of 5/31/08**	**% Total**
Acquisition Costs	$ 66,885,640	20.9%
Hard Costs	31,431,632	9.8%
Soft Costs	62,002,969	19.4%
Carry Costs	64,782,986	20.2%
SunCal Corporate Uses	95,000,000	29.7%
Total	**$ 320,103,227**	**100.0%**

Senior Secured Loan Terms

- $264 Senior Secured Loan comprised of:
  - $55 million revolver
  - $209 million term loan
- Facility term is 42 months for the revolver and 48 months for the term loan
- Maximum LTV of 67.5%
- Pricing is Libor plus 525 bps, with a 50 bps non-use fee on the revolver

Mezzanine Loan Terms

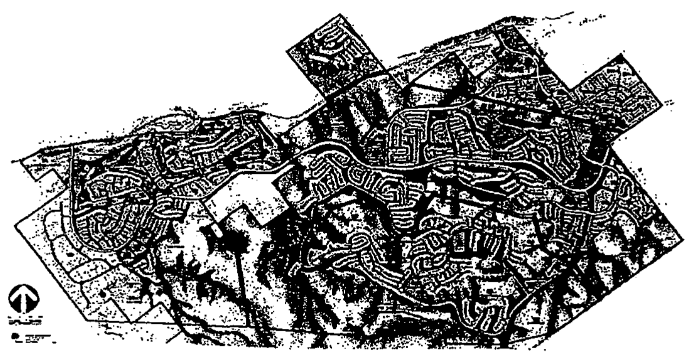
- $95 million Mezzanine Loan
- Facility term is six months
- Maximum LTV of 85%
- Pricing is Libor plus 10.5%

Property Information

- Ritter Ranch consists of approximately 10,625 acres located in Palmdale, in Los Angeles County California, approximately 65 miles north of downtown Los Angeles.
- The project features an attractive natural setting with rolling hills and over 6,000 acres of preserved open space and parks.
- The project was honored with the 2007 Best Community Development Award for Community Master Plan from the American Institute of Architects, San Fernando Valley Chapter.

Business Plan

- The project has been approved for 7,200 residential units consisting of attached and detached single family residential lots as well as active adult. It will be developed in five phases.
  - 5,376 detached lots ranging from 5,000s.f. to 2 acres
  - 267 attached condominium units
  - 1,515 active adult lots
- Amenities include 73 acres of commercial development, four elementary school sites, a high school site, an 18-hole golf course, 97 acres of improved park land, an equestrian center, two lakes, a fire station and a regional library.
- Lot sales are expected to commence in 1st Quarter 2011 with full sellout expected 2020.



Entitlement Status

- All necessary entitlements are in place to develop the project, as summarized below:
  - The Specific Plan and EIR were approved in 1992. An amended Specific Plan was approved in 1995
  - The Development Agreement was approved in July 2004
  - Grading permits are approved for Phase 1A (grading is complete) and all improvement plans have been approved
  - Phase 1A and 1B have approved Vesting Tentative Tract Maps

Development Status

- Construction of Phase I (totaling 1,061 lots) is approximately 42% complete with approximately $48.9 mm of remaining to complete.

- Phase IA lots (totaling 553 lots) are complete and in finished form, in-tract improvement plans have been approved, and 90% of master infrastructure is complete.
- Ongoing work includes completion of off-site road work. Over the next year, the cost associated with this work is expected to total $4.2 mm.
- Phase 3A is scheduled to be developed prior to Phase 2 as it will provide a more diverse product mix meeting current market demand.

Location / Market

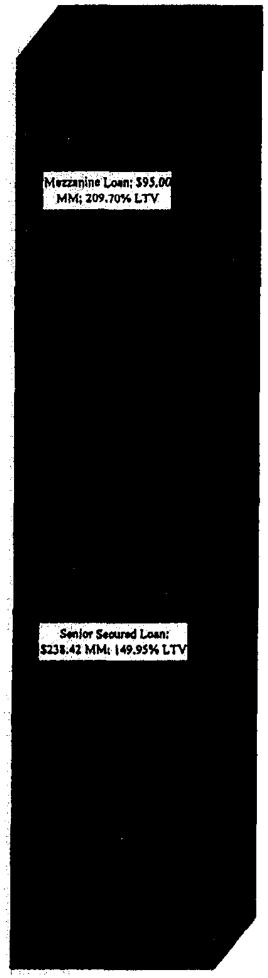
- The project site provides a reasonable commute to the major employment centers of Lancaster (11 miles), Santa Clarita (31 miles), and Los Angeles (65 miles).
- Palmdale, located just south of Lancaster is considered one of the major metropolitan areas in the southern portion of the Antelope Valley.
- The project site is approximately five miles west of California State Route 14, also known as The Antelope Valley Freeway, which is the area's east west connection to I-5 and I-215 to the west and I-15 to the east.
- New home sales in the Antelope Valley have fallen over the last several years from a level of 3,700 units per year reflected during 2005 to a low of 1,274 during the last 12 months ending May 2008.
- Home prices in the South Antelope Valley have decreased by 29% over the last few years due to the housing crises. This decline is higher than the 23% decline reflected by the Santa Clarita market located 25 miles to the southwest.

Sponsorship

- SunCal is a full-service real estate firm specializing in large-scale land development whereby the Company acquires, entitles, and develops properties for sale to homebuilders and commercial and multifamily developers.
- The Company was founded more than 70 years ago as a small family-owned business and, with nearly 200,000 residential lots in various stages of development across California, Arizona, Nevada, New Mexico and Colorado, is currently the largest privately-owned developer of master-planned and mixed-use communities in the western United States.

Ritter Ranch

Debt Stack (Fully Funded): $333.42 MM



FLOATING-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Loan / Lot (Current Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior Secured Loan:	$238,418,768	$238,418,768	149.9%	$33,114	NAP	NAP	NAP	NAP
Mezzanine Loan:	$95,000,000	$95,000,000	209.7%	$46,308	NAP	NAP	NAP	NAP
Totals	**$333,418,768**	**$333,418,768**	**209.7%**	**$46,308**	**NAP**	**NAP**	**NAP**	**NAP**

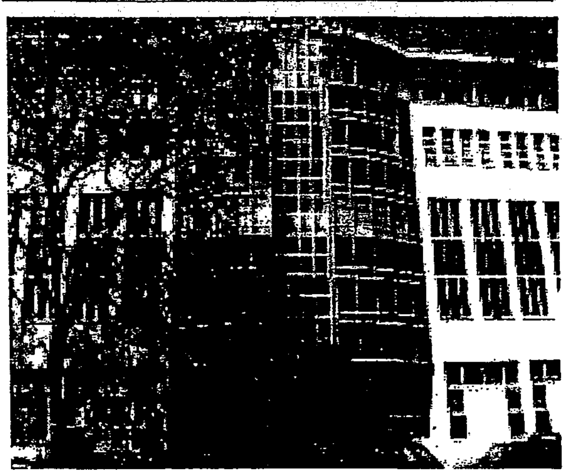
Property Type	Master Planned Community
Location	Palmdale, CA
Occupancy	NAP
Remaining Lots	7,200 Lots

As-Is Appraised Value (Oct-07)	$159,000,000	$22,083 / Lot	
Total Debt (Fully Funded)	$333,418,768	$46,308 / Lot	
Original Maturity - Senior Loan	8/8/2010	Original Maturity - Mezzanine Loan	9/30/2007
Extended Maturity - Senior Loan	NAP	Extended Maturity - Mezzanine Loan	NAP

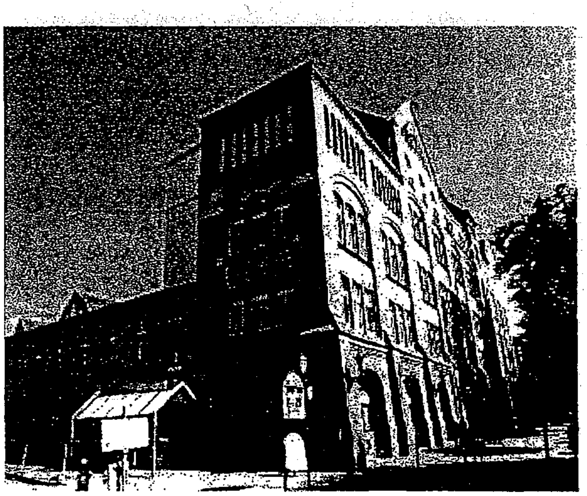
LEHMAN BROTHERS

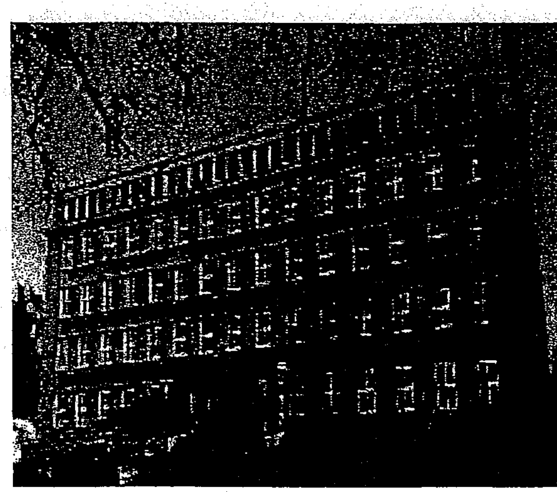
CONFIDENTIAL INFORMATION MEMORANDUM

EAGLE PORTFOLIO



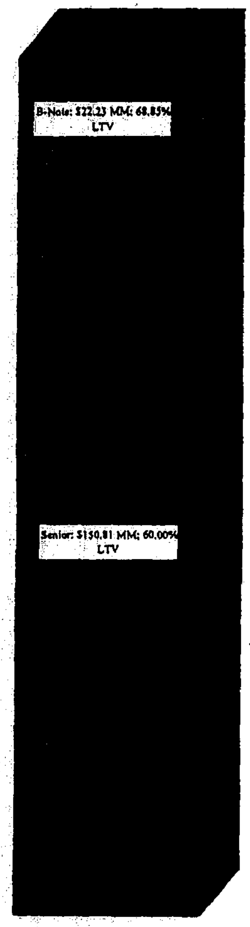
BERLIN, GERMANY





:oject Eagle

t Stack (Fully Funded): $196.37 MM



FLOATING-RATE LOAN

Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Total Balance (Fully Funded)	LB Balance (Fully Funded)	Loan / Sqm (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior:	$150,807,880	$150,807,880	*60.0%*	$171,137,757	$171,137,757	*$1,303*	*7.40%*	NAP	1.37x	NAP
B-Note:	$22,232,308	$22,232,308	*68.8%*	$25,229,367	$25,229,367	*$1,495*	*6.45%*	NAP	1.13x	NAP
Totals	**$173,040,188**	**$173,040,188**	***68.8%***	**$196,367,124**	**$196,367,124**	***$1,495***	***6.45%***	NAP	***1.13x***	NAP

Retained Position Summary

	Current Funded	*Fully Funded*	*Carry Value*	*Maturity*	*Amortization*	*Coupon / Spread*
Mortgage A-Note	101,839,940	101,839,940	97,190,641	1/15/2011	IO	5.33%
Mortgage B-Note	15,013,386	15,013,386	14,327,980	1/15/2011	IO	7.84%
Capex	682,784	16,527,412	651,613	1/15/2011	IO	5.90%
[Position 4]						
Totals	117,536,111	133,380,738	112,170,234			

Mortgage A-Note Terms

Orig Bal	€101,839,940	**Coupon**	5.33%	**Up-Front Reserves/Guaranty**	Yes
Current Funded	€101,839,940	**Spread**	0.78%	***Capital (TI/LC, Capex)***	NAP
Future Funding	€0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NAP
Fully Funded	€101,839,940	**Interest Payment Type**	Quartely	*Other*	Yes - Interest Reserve (via a Letter of Credit) put in place by Borrower at Loan closing
Maturity Date	1/15/2011	**Amortization**	IO	**Guaranty**	NAP
Extended Maturity	1/15/2013	**Rate Type**	Fixed	**Cross-Collateralization**	The different borrowers in the Eagle Loan are cross collateralised
Extension Provisions	This loan has an initial term of 3 Years with 2, 1-Year extension options				
Call Protection	NAP				
Comments					

Mortgage B-Note Terms

Orig Bal	€15,013,386	**Coupon**	7.84%	**Up-Front Reserves/Guaranty**	Yes
Current Funded	€15,013,386	**Spread**	3.00%	***Capital (TI/LC, Capex)***	NAP
Future Funding	€0	**LIBOR Cap** (*If applicable*)	NAP	***Unfunded TI/LC***	NAP
Fully Funded	€15,013,386	**Interest Payment Type**	Quartely	*Other*	Yes - Interest Reserve (via a Letter of Credit) put in place by Borrower at Loan closing
Maturity Date	1/15/2011	**Amortization**	IO	**Guaranty**	NAP
Extended Maturity	1/15/2013	**Rate Type**	Fixed	**Cross-Collateralization**	The different borrowers in the Eagle Loan are cross collateralised
Extension Provisions	This loan has an initial term of 3 Years with 2, 1-Year extension options				
Call Protection	NAP				
Comments					

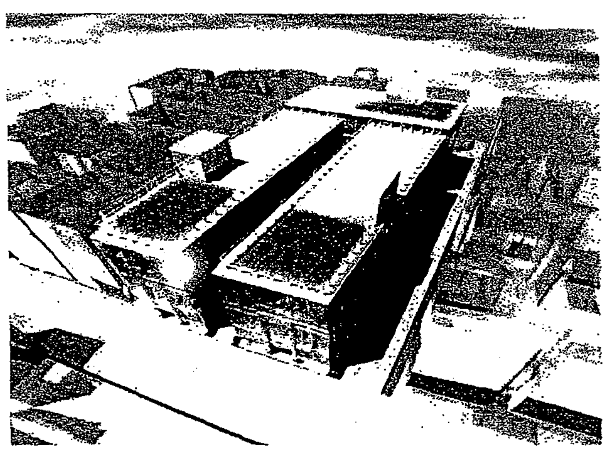
Capex Terms

Orig Bal	€682,784	**Coupon**	5.90%	**Up-Front Reserves/Guaranty**	No
Current Funded	€682,784	**Spread**	1.06%	***Capital (TI/LC, Capex)***	NAP
Future Funding	€15,844,628	**LIBOR Cap** (*If applicable*)	4.84%	***Unfunded TI/LC***	NAP
Fully Funded	€16,527,412	**Interest Payment Type**	Quarterly	*Other*	NAP
Maturity Date	1/15/2011	**Amortization**	IO	**Guaranty**	NAP
Extended Maturity	1/15/2013	**Rate Type**	ARM	**Cross-Collateralization**	The different borrowers in the Eagle Loan are cross collateralised
Extension Provisions	This loan has an initial term of 3 Years with 2, 1-Year extension options				
Call Protection					
Comments	Pari passu with the senior debt				

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

JINGUMAE (CANNELLE)



TOKYO, JAPAN
JPY19,400,000,000 SENIOR SECURED LOAN

JPY19.4 Billion (US$179.6 Million) Senior Mortgage Loan Originated to Acquire and Develop a 1,453-Square Meter Site :ated in a Prime Shopping Area in Shibuya, Tokyo.

ansaction Overview

K.K. Fund Creation ("FC") and Sunrise Finance (LB affiliate) acquired the Property as vacant land for US$188.9 million (JPY20.4 billion) with plans for a retail development project. Total transaction cost at closing was US$199 million (JPY21.5 billion).

LBCM provided non-recourse debt financing of $166.7 million (JPY18.0 billion) ("LB Senior Loan") with a commitment for additional draw downs equal to US$13 million (JPY1.4 billion) for construction costs. To date, JPY18.2 billion was funded according to the progress of construction and additional two payments are scheduled in September of 2008 and February of 2009 respectively (the total debt shall be and capped at US$179.6 million (JPY19.4 billion)).

The loan proceeds were used to finance the property purchase and related costs, and to fund the construction costs. The loan to capitalization, including construction costs, will be 79% when the final construction payments are made.

›urces and Uses at Closing

Total Sources		Total Uses	
Senior Debt	166.7	Land Purchase Price	190.3
TK Investment (Sponsor)	24.5	Brokerage and Management Fee	3.4
TK Investment (Sunrise)	8.2	Reserves	4.2
		Loan Origination Fee	1.3
		Other DD Fee	0.1
Total Sources	199.3	Total Uses	199.3

roperty Information

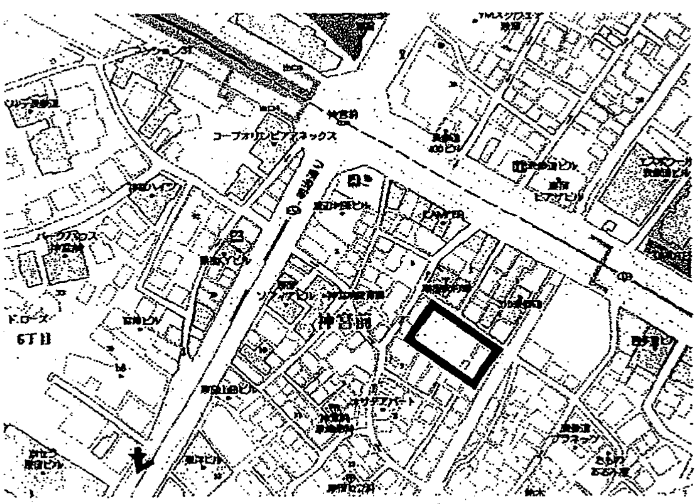
The Property is located in Jingumae, Shibuya ward, a one-minute walk from Meiji Jingumae Station, fronting a high traffic pedestrian street with many high-end, fashion designer retail outlets.

The Property is comprised of one land parcel of 1,443.2 Square meters. The FAR on the site is 293%.

The construction for three retail buildings started in February 2008 and is scheduled to be completed in February 2009.

ocation / Market

The Property is located in Jingumae, Shibuya ward, a one-minute walk from Meiji Jingumae Station. Located one block inside the main Omotesando street, the Property faces 'Cat Street', a popular street with many fashion designer offices and fashionable retail outlets. Cat Street connects Shibuya and Omotesando and has gained popularity in recent years as a shopping street.



urrent Status / Business Plan

The Borrower has launched an active leasing campaign for the site but has not contracted any single tenants for the property and may have to amend the plan to a multi-tenant strategy. The original plan for single tenant occupancy was underwritten with the potential to have higher per square meter rents due to lack of large blocks of space available in the sub-market.

The current slow down in the real estate market has made the likelihood of a forward sale more difficult to execute and the project will likely require at least 50% leasing commitments before an asset disposition plan can be implemented.

The plans are for three 3-story buildings with basement floors, with a GFA of 4,220.11 square meters. The buildings are specifically designed to conform to the large-scale retail building zoning standard.

The building plans are well-suited for a single tenant since the supply of large floor space is extremely limited in this prime retail location. The building plans can also be suited for multi-tenants in the event a single tenant cannot be contracted.

The asset plan is to sell the asset on either a forward sale basis or after construction and lease-up is completed.

The Sponsor's target exit yield was 3.5% given the site's prime location and asset quality

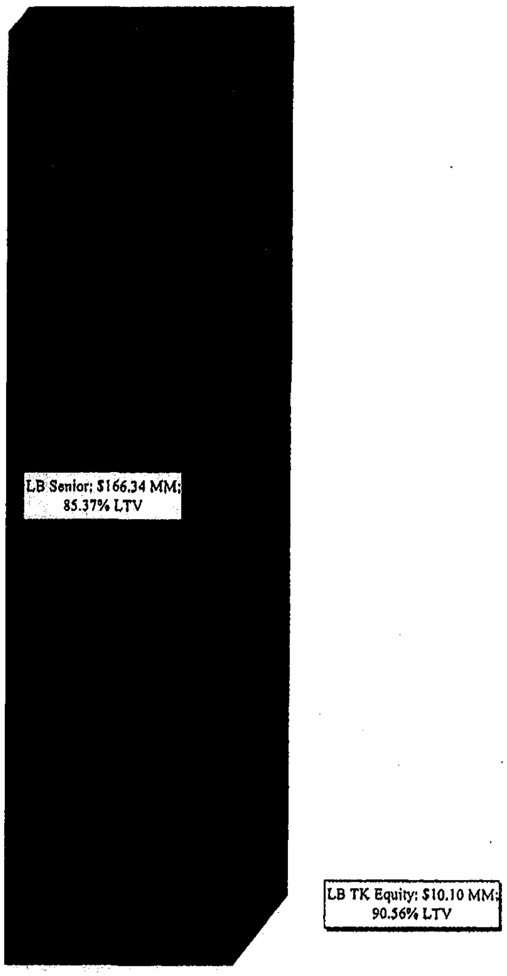
rengths

Omotesando area is considered one of the prime retail locations in Tokyo with all major high-end and fashion forward brands are located.

Construction by a well-known general constructor (Shimizu Corporation) will add extra value for the property

ıae (Cannelle)

: (Fully Funded): $176.44 MM



FLOATING-RATE LOAN

Cap Structure	Loan Balance	Available Balance	Loan / SM	As-Is LTV	Stab. LTV	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
LB Senior	$166,343,848	$15,045,041	*$115,251*	*85.4%*	*NAP*	*0.0%*	*0.0%*	0.00x	0.00x
LB TK Equity	$10,095,516	$0	*$122,245*	*90.6%*	*NAP*	*0.0%*	*0.0%*	0.00x	0.00x
Totals	**$176,439,364**	**$15,045,041**	***$122,245***	***90.6%***	***NAP***	***0.0%***	***0.0%***	**0.00x**	**0.00x**

Property Type	Land for Retail Development	
Location	Tokyo	
Occupancy	N/A	
Total Units	1,443 SM	s/shet

As-Is Appraised Value (Aug-08)	$194,839,087	*$134,994 / SM*
Stabilized Appraised Value (NAP)	NAP	*NAP*
Total Debt (Fully Funded)	$176,439,364	*$122,245 / SM*
Original Maturity	7/25/2009	s/shet
Extended Maturity	7/25/2009	s/shet

Notes

1. This loan has a term of 2 years with no extension option

2. Coverages are based on the LIBOR rate of 0.93%

Jingume (Canelle)

As of August 2008

Retained Position Summary	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
Senior Loan	163,292,351	176,292,351	163,292,351	7/25/2009		3M Libor + 310bp
LB TK Equity	10,095,516	10,095,516				
Totals	173,387,867	186,387,867	163,292,351			

Senior Loan Terms

Orig Bal	$163,292,351	**Coupon**	3M Libor + 310bp	**Up-Front Reserves/Guaranty**
Current Funded	$163,292,351	**Spread**	310bp	*Capital (TI/LC, Capex)*
Future Funding	$13,000,000	**LIBOR Cap** *(If applicable)*		*Unfunded TI/LC*
Fully Funded	$176,292,351	**Interest Payment Type**		*Other*
Maturity Date	7/25/2009	**Amortization**		**Guaranty**
Extended Maturity	NAP	**Rate Type**	Floating	**Cross-Collateralization**
Extension Provisions	None			
Call Protection	None			
Comments				

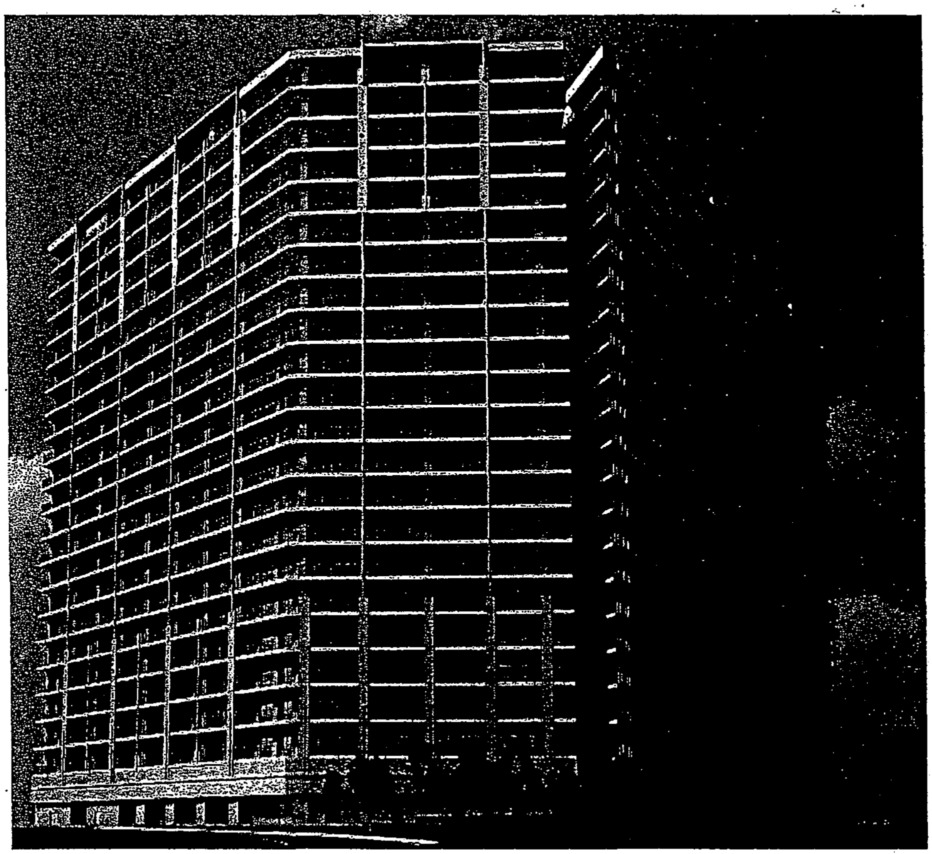
Jingume (Canelle)

Property Information

Property Name	Jingume (Canelle)	**Loan Purpose**	Acquisition / Development
Address	Tokyo, Japan	**Purchase Price**	
No. of Properties	1	**As-Is Appraised Value**	$194,839,087
Property Type	Development - Retail	**As-Is Appraised Value Date**	08//01/08
Property Size	1,443 square meters	**Stab. Appraised Value**	NAP
Year Built / Renovated	NAP	**Stab. Appraised Value Date**	NAP
		In-Place NOI	NAP
		In-Place NCF	NAP
In-Place Occupancy	NAP	**Stab. NOI**	NAP
Occupancy Date	NAP	**Stab. NCF**	NAP
Market Occupancy	NAP	**Cash Flow Date**	NAP
Market Occupancy / Rents Date	NAP	**5 Yr Proforma NOI**	
#VALUE!	NAP	***YE 2009***	NAP
Market Rents	NAP	***YE 2010***	NAP
		YE 2011	NAP
		YE 2012	NAP
		YE 2013	NAP

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM



Crescent Heights – Chiba, Japan
JPY 21,000,000,000 TMK Specified Bonds

cquisition Bridge Financing in the Amount of JPY21 Billion (US$194.4 Million) for a 684-Unit Condominium Development cated in Funabashi, Chiba, a Suburban Area located 26 Kilometers from Tokyo

ransaction Overview

Lehman Brothers Commercial Mortgage (the "Bond Holder") purchased 21 TMK Bonds (the "Bond") on March 26, 2008 for a total amount of US$194.4 million (JPY21.0 billion).

The bond is secured by a 684-unit condominium building in Chiba. The building was completed in February 2008 and condo units are currently being offered to the market.

ources and Uses at Closing

IS$ millions

'otal Sources		Total Uses	
MK Bond	194.4	Acquisition cost	236.0
:quity	60.4	Closing Costs	11.5
		Soft & Hard Costs	6.6
		Construction Cost	0.7
'otal Sources	254.8	Total Uses	254.8

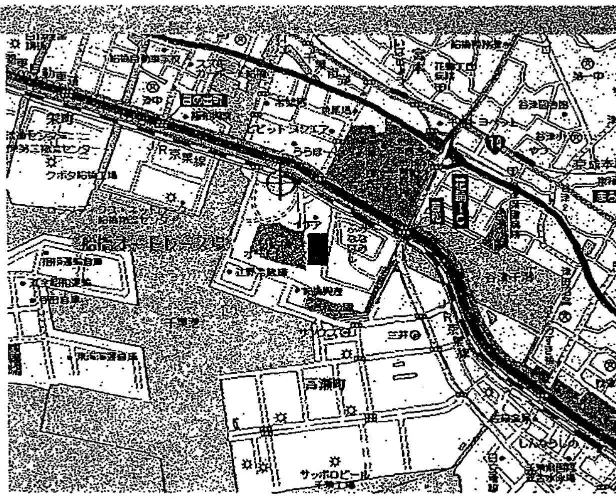
roperty Information

The Property is located in Hamacho, Funabashi-shi, Chiba, a ten-minute walk to Minami Funabashi Station. The property is well located within the subject market.

The total land area is 15,037.08 square meters. The Gross Building Area and Net Saleable Area of the completed building is 83,845 square meters and 57,056 square meters, respectively.

The Property is comprised of three towers consisting of 684 three-bedroom (3LDK) and four-bedroom (4LDK) units. Typical unit sizes range from 70.38 square meters to 126.29 square meters.

ocation / Market



- The site was originally part of the Lalaport Golf Course and most recently part of the land site under the SSAWS indoor ski-slope facility. SSAWS was demolished in 2003 and the land subsequently sold in three plots, of which the Property occupies one plot. The second plot has been re-developed as Japan's first IKEA store. The third plot is a successfully completed and sold-out 1,200 unit condominium project constructed by the original developer of the subject property ("Phase One").
- The property is well-located in a new urban area that is developed with public transportation, retail and entertainment uses.

ponsorship

- Crescent Heights ("CH") is a Florida based private real estate developer and is the Sponsor. This is the first real estate deal for CH in Japan. CH has a successful track record in condo development and condo conversion throughout the United States

urrent Status / Business Plan

- 11.2 % of the condo units (77 units) have been sold as of August 2008, and additional 4.0% (25 units) are currently contracted and to be closed by November 2008 with total price at $8.7 million (JPY940 million). Sales were effectively started in May of 2008.
- Due to the weak condo market, sales progress has been relatively slow. The Sponsor and the sales broker are in discussions to lower the sales prices further to accelerate unit sales.

Crescent Heights

Property Information

Property Name	Crescent Heights	**Loan Purpose**	
Address	Funabashi, Chiba, Japan	**Purchase Price**	
No. of Properties	1	**As-Is Appraised Value**	$1,290,000,000
Property Type	Condominium Development	**As-Is Appraised Value Date**	5/15/2007
Property Size	684 Units	**Stab. Appraised Value**	NAP
Year Built / Renovated		**Stab. Appraised Value Date**	NAP
		In-Place NOI	$40,500,000
		In-Place NCF	NAP
In-Place Occupancy	98.30%	**Stab. NOI**	$67,420,000
Occupancy Date	9/5/2008	**Stab. NCF**	NAP
Market Occupancy	96.00%	**Cash Flow Date**	9/5/2008
Market Occupancy / Rents Date		**5 Yr Proforma NOI**	
In-Place Rents - 46% Below Market	$53.96	***YE 2009***	$42,635,806
Market Rents	$99.01	***YE 2010***	$44,225,163
		YE 2011	$50,925,869
		YE 2012	$50,393,349
		YE 2013	$61,826,684

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

YELLOW

GERMANY

SUB-PERFORMING LOAN PORTFOLIO

LEHMAN BROTHERS Real Estate Group Yellow

Lehman Brothers acquired a portfolio of sub/non-performing senior loans with a current principal balance of €116,623,444 secured by three office buildings located in Ruesselsheim, Cologne, and Gross-Gerau, Germany.

Transaction Overview

Lehman Brothers acquired a portfolio of mortgage loans backed by German commercial real estate in December 2005 from AMB Generali's subsidiary Aachen Meunchener Versicherung. Three loans in the portfolio are non-performing loans in special servicing and are currently in the restructuring process.

Sources & Uses

	Balance as of Aug 08			Committed				Balance as of Aug 08		Committed	
Sources		LTC	PSM		LTC	PSM	Uses		PSM		PSM
Senior Loan	116,623,444	*117.9%*	*2,311 €*	116,623,444	*117.9%*	*2,311 €*	Implied Value	98,938,300	*1,960 €*	98,938,300	*1,960 €*
Net Cash Flow	-17,685,144	*100.0%*	*1,960 €*	-17,685,144	*100.0%*	*1,960 €*					
Totals	**98,938,300**		**1,960 €**	**98,938,300**		**1,960 €**	**Totals**	**98,938,300**	**1,960 €**	**98,938,300**	**1,960 €**

Property Information

The largest loan with a total claim balance of €81,910,682 is secured by a first ranking mortgage of the Adam Opel AG head quarter office in Ruesselsheim, Germany. The Property was built in 1997 as a 30,497 square meters modern office building as Opel worldwide head quarters. The property is located in Ruesselsheim. The Opel Property itself is one of many office buildings surrounding Opel factories and car dealerships. The six floor building office has an architecturally appealing glass-aluminium facade and is in very good condition with well maintained outdoor green spaces. The property is 100% occupied and leased to Opel until 2017 with an annual rent of €6,851,400 p.a.. Current open market value is estimated by STIWA at €66,000,000. The transaction was structured as a sale and lease back, the tenant has a buy back option in 2017.

The second largest loan with a total claim balance of €31,583,000 is secured by a second ranking mortgage of the WDR Arkaden in Cologne, Germany. The Property was built in 1996 and comprises of ca 18,000 square meters of office with ground floor/lower ground floor retail located in the central Cologne shopping district. WDR, the state owned television network, is the majority tenant contributing 73% of the cashflow with a lease expiry in 2016 paying ca€2.48 million of rent p.a.. Total property net cashflow is ca €3,161,000 p.a. Current open market value is estimated by STIWA at €46,899,000. LBBW has a prior ranking mortgage in the amount of €15,689,000. The transaction was structured as a sale and lease back, the tenant has a buy back option in 2016.

The third loan of the portfolio with a total claim balance of €3,129,448 is secured by a 2,032 square meter office building located in Gross-Gerau, Germany. Gross-Gerau is located at the Rhine valley in between the major cities Frankfurt am Main (ca. 30 km) and Darmstadt (ca. 15 km) nd is considered a secondary office location. The Property was built in 2001 as a modern office building and is currently vacant. Current open market value is estimated by STIWA at €1,729,000.

Location / Market

Rüsselsheim, located within 25km from Frankfurt, has office spaces of approx. 330,000 square meters and a current available area of approx. 29,000 square meters. New construction activities are hardly noticeable. The vacancy rate is 8.7%. The current market rent in Rüsselsheim (7.00 - 11.50 Euros per square meter per month) is only slightly below the established locations in the Frankfurt area.

Cologne is the fourth largest city of Germany and is one to the main economic centers in North-Rhine Westphalia. The micro location of the property near "Schildergasse" has been over the past years one of the pedestrian zones with the highest demand and passenger frequency in Germany. Prime retail market rent remained at a continuous high level in this area of 160-190 Euros per square meter per month, with average retail market rents in the area of 35-45 Euros per square meter per month. The office market rent remained steady at 19 Euros per square meter per month. The current office vacancy amounts to 600,000 square meters and the vacancy rate is at 8.3%.

Gross-Gerau is located at the Frankfurt area in between the major cities Frankfurt (ca. 30 km), Darmstadt (ca. 15 km), Mainz (ca. 20 km) and Wiesbaden (ca. 30 km). The market is comprised of secondary offices, logistics and production areas. Office turnover in 2007 amounted to less than 10,000 square meters and current market rent is estimated at 7 Euros per square meter per month.

Sponsorship

Opel HQ and WDR Arkaden: The sponsor is DBVL, a subsidiary of DBVI Group, which is listed on the German stock exchange. Founded in 1990, the company is headquartered in Munich and was the first German REIT, active in the areas of real estate project management, development, asset management and brokerage.

Gross-Gerau: The Sponsor is a private German GBR with three general partners.

Current Status / Business Plan

Lehman Brothers acquired a portfolio from AMB Generali's subsidiary, Aachen Meunchener Versicherung as part of its strategy to increase its footprint in Germany and develop a real estate lending platform for German borrowers to compliment our international commercial mortgage client base.

The majority of the loans in the portfolio were securitized as part of Green CMBS, the sub/non-performing loans in the portfolio were retained for restructuring. Exit is envisioned via refinancing following the successful implementation of restrucuturing of the equity and sale and lease back structures

Strengths

The loan portfolio enjoys a stable long term cashflow, the Opel property and the WDR property are on long term leases to 2017 and 2016, respectively.

The Opel property is a high quality office building and is considered of strategic importance as the international [illegible]

Opel is a subsidiary of General Motors, General Motors, currently rated below investment grade by S&P, Fitch and Moody's is faced with tough challenges as it looks to improve its credit rating and to improve its competitiveness in its domestic market which has been subpar, making its financial performance unpredictable and weighing negatively on rating considerations.

(Fully Funded): $171.70 MM

[redacted]

Loan: $171.70 MM;
17.87% LTV

[redacted]

FIXED-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	Available Balance (Current Funded)	As-Is LTV	Loan Balance (Fully Funded)	Available Balance (Fully Funded)	Stab. LTV	Loan / square meter (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior Loan:	$171,696,533	$171,696,533	*117.9%*	$171,696,533	$171,696,533	*117.9%*	*$3,402*	*8.59%*	*8.6%*	1.60x	1.60x
Totals	**$171,696,533**	**$171,696,533**	***117.9%***	**$171,696,533**	**$171,696,533**	***117.9%***	***$3,402***	***8.59%***	***8.59%***	***1.60x***	***1.60x***

Retained Position Summary	Current Funded	Fully Funded	Carry Value	Maturity	Amortization	Coupon / Spread
Opel HQ	81,910,682	81,910,682	74,215,538	9/30/2017	2.25%	4.790%
WDR HQ	31,583,314	31,583,314	28,616,202	4/30/2016	0%	6.360%
Vollhardt	3,129,448	3,129,448	2,835,450	12/31/2010	0%	7.450%
Totals	116,623,444	116,623,444	105,667,191			

Opel HQ Terms

Orig Bal	91,367,393.00	Coupon	4.790%	Up-Front Reserves/Guaranty	None
Current Funded	81,910,682.00	Spread	na	*Capital (TI/LC, Capex)*	na
Future Funding	-	LIBOR Cap (*If applicable*)	na	*Unfunded TI/LC*	na
Fully Funded	81,910,682.00	Interest Payment Type	Fixed Rate	*Other*	na
Maturity Date	9/30/2017	Amortization	Quarterly AM	Guaranty	na
Extended Maturity	na	Rate Type	Fixed Rate	Cross-Collateralization	na
Extension Provisions	na				
Call Protection	None				
Comments	na				

WDR HQ Terms

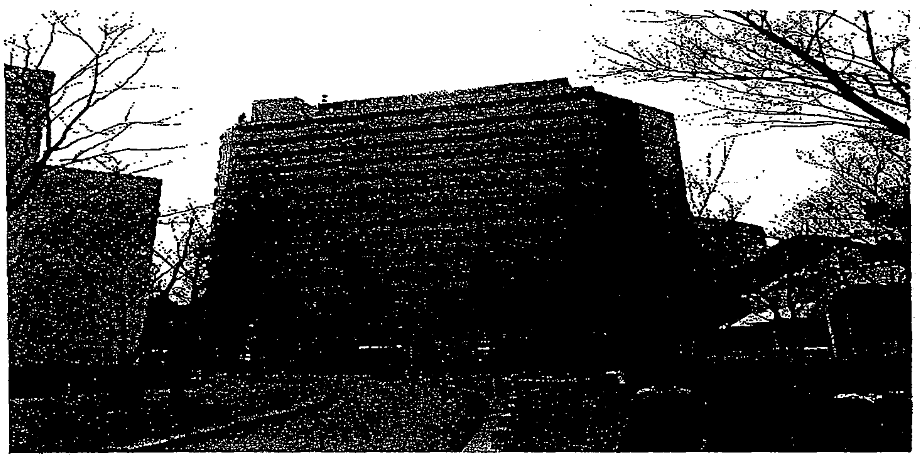
Orig Bal	35,790,431.00	Coupon	6.360%	Up-Front Reserves/Guaranty	None
Current Funded	31,583,314.00	Spread	na	*Capital (TI/LC, Capex)*	na
Future Funding	-	LIBOR Cap (*If applicable*)	na	*Unfunded TI/LC*	na
Fully Funded	31,583,314.00	Interest Payment Type	Fixed Rate	*Other*	na
Maturity Date	4/30/2016	Amortization	IO	Guaranty	na
Extended Maturity	na	Rate Type	Fixed Rate	Cross-Collateralization	na
Extension Provisions	na				
Call Protection	None				
Comments	na				

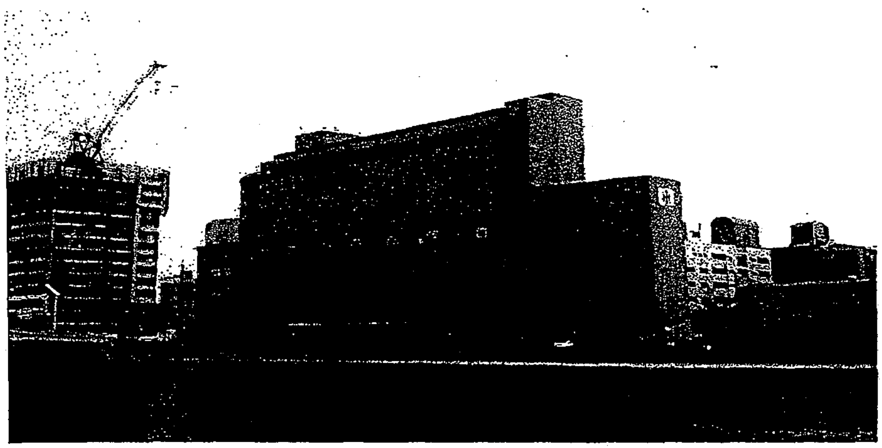
Vollhardt

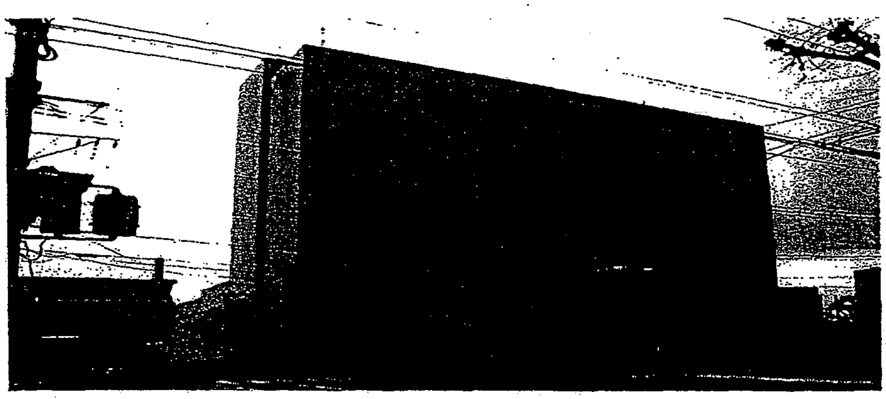
Orig Bal	3,681,301.00	Coupon	7.450%	Up-Front Reserves/Guaranty	None
Current Funded	3,129,448.00	Spread	na	*Capital (TI/LC, Capex)*	na
Future Funding	-	LIBOR Cap (*If applicable*)	na	*Unfunded TI/LC*	na
Fully Funded	3,129,448.00	Interest Payment Type	Fixed Rate	*Other*	na
Maturity Date	12/31/2010	Amortization	IO	Guaranty	na
Extended Maturity	na	Rate Type	Fixed Rate	Cross-Collateralization	na
Extension Provisions	na				
Call Protection	None				
Comments	na				

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM







Pearl City Hotel, Japan

JPY 18,300,000,000 (US$169.6 million) Senior Secured Loan

JPY18.3 Billion (US$169.6 Million) Seven-Year, Senior Secured, Floating Rate Loan for the Refinancing of 20 Hotels located 'oughout Japan

ansaction Overview

Lehman Brothers originated a seven-year, senior secured, floating rate loan for the refinance of a hotel portfolio for US$169.6 million (JPY18.3 billion) in June of 2007. The borrower has since paid down the loan to the current balance stated above.

urces and Uses at Closing

otal Sources		Total Uses	
3 Senior Debt	169.6	Net Purchase	180.4
ezzanine Debt	21.3	Reserves	8.3
nputed Equity	6.8	Fees	1.9
		Working Capital	0.4
		Imputed Equity	6.8
otal Sources	**197.7**	**Total Uses**	**197.7**

operty Information

The Portfolio consists of 20 hotels located in Akita, Miyagi, Iwate, Tokyo, Chiba, Nagano, Ishikawa, Kyoto, Hyogo, Tottori, Fukuoka, Kumamoto, Kagoshima and Okinawa. The portfolio operates under a local brand and an operator that has over 10 years of experience in the Japan hospitality market.

19 out of 20 hotels are held directly by the Borrower and one hotel is entrusted to the trust and the corresponding beneficiary interest is held by the Borrower.

#	Hotel Name	Location	Type	Built	# of Rooms
1	Hotel Pearlcity Akita	Akita	Business	Sep-80	113
2	Akita City Hotel	Akita	Business	Jan-77	113
3	Akita Sky Hotel	Akita	Business	Mar-77	112
4	Hotel Pearlcity Morioka	Iwate	Business	Aug-80	182
5	Hotel Pearlcity Kesen Numa	Miyagi	Tourist	Feb-82	80
6	Hotel Pearlcity Sendai	Miyagi	Business	Feb-75	166
7	Hotel Pearlcity Kurosaki	Fukuoka	Business	Jul-78	85
8	Shuhoku Hotel	Akita	Business	Apr-73	76
9	Hotel Heian no mori Kyoto	Kyoto	Tourist	Mar-66	161
10	Hotel Pearlcity Kobe	Hyogo	Business	Oct-91	381
11	Tokyo Daiichi Hotel Kokura	Fukuoka	Business	Jun-97	90
12	Yatsushiro Grand Hotel	Kumamoto	Business	Jun-82	74
13	Hachijyo Sea-park Resort	Tokyo	Tourist	Oct-74	64
14	Hotel Nankai-so	Chiba	Tourist	Nov-62	99
15	Suwa Lake side Hotel	Nagano	Tourist	Jul-73	62
16	Hotel Hokuriku Koganoi	Ishikawa	Tourist	Sep-64	62
17	Misasa Royal Hotel	Tottori	Tourist	Apr-73	101
18	Hotel Kirishima Castle	Kagoshima	Tourist	Mar-79	157
19	Motobu Green-park Hotel	Okinawa	Tourist	Apr-75	81
20	Hotel Oono-ya	Ishikawa	Tourist	Nov-84	21
Total					2,280

ocation / Market

The portfolio, by allocated underwritten value, is 47.3% tourist oriented hotels and 52.7% business oriented hotels.

The competitive advantage of the pool is well-located properties in their local markets that are well-maintained and appeal to the value oriented tourist and business user segments.

The largest hotel in the pool is the Hotel Pearlcity Kobe and represents 19% of the portfolio. Located on an artificial island called Port Island, it is easy to access both the center of Kobe and Kobe Airport. The occupancy rate is 66% from October 2006 to September

onsorship

The Borrower is K.K. Dynasty. The common equity shareholders of the K.K. is a Chukan Hojin SPC.

The Sponsor, KK AME, provided recourse provisions stated in the recourse carve-outs.

siness Plan

The Borrower plans to maintain the competitiveness of the portfolio through regular capital expenditures and active management of the hotels.

The Borrower has owned and operated these hotels for over ten years and is well established in the hospitality sector.

There are no major capital expenditure requirements for the portfolio in the next 12-month period.

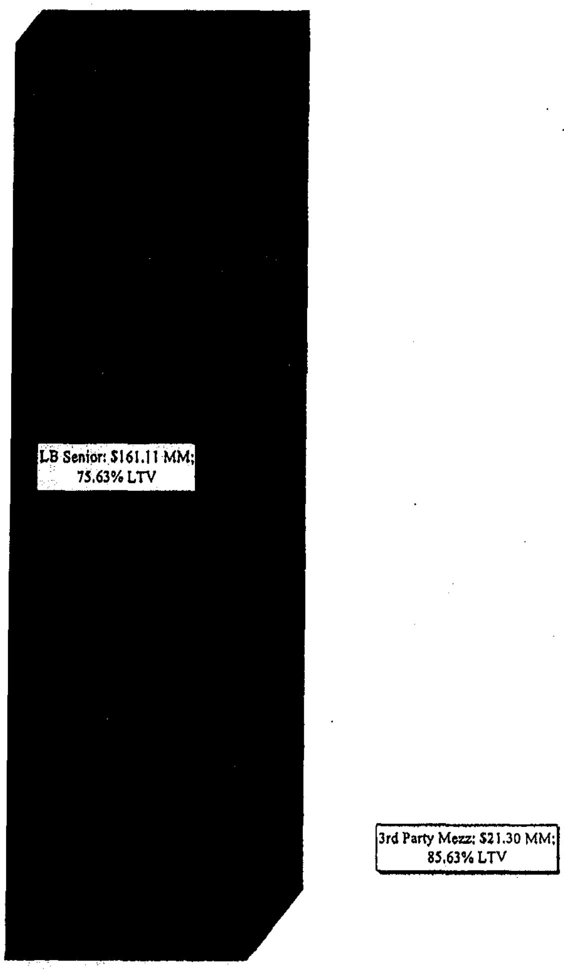
engths

Stabilized cash flow with historical data.

Well diversified portfolio with a well-established and experienced hotel operator.

ity Hotel

< (Fully Funded): $182,40 MM



FLOATING-RATE LOAN

Cap Structure	Loan Balance	Available Balance	Loan / Room	As-Is LTV	Stab. LTV	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
LB Senior	$161,105,027	$0	*$70,660*	*75.6%*	*NAP*	*10.5%*	*10.5%*	3.50x	3.50x
3rd Party Mezz	$21,296,296	$0	*$80,001*	*85.6%*	*NAP*	*9.3%*	*9.3%*	3.03x	3.03x
Totals	**$182,401,323**	**$0**	***$80,001***	***85.6%***	***NAP***	***10.5%***	***10.5%***	**3.03x**	**3.03x**

Property Type	Hotel	
Location	Various, including Tokyo, Kobe, Fukuoka	
Occupancy	65.00%	
Total Units	2,280 Room	s/shet

As-Is Appraised Value (Aug-08)	$213,010,565	*$93,426 / Room*
Stabilized Appraised Value (NAP)	NAP	*NAP*
Total Debt (Fully Funded)	$182,401,323	*$80,001 / Room*
Original Maturity	6/25/2014	s/shet
Extended Maturity	6/25/2014	s/shet

Notes

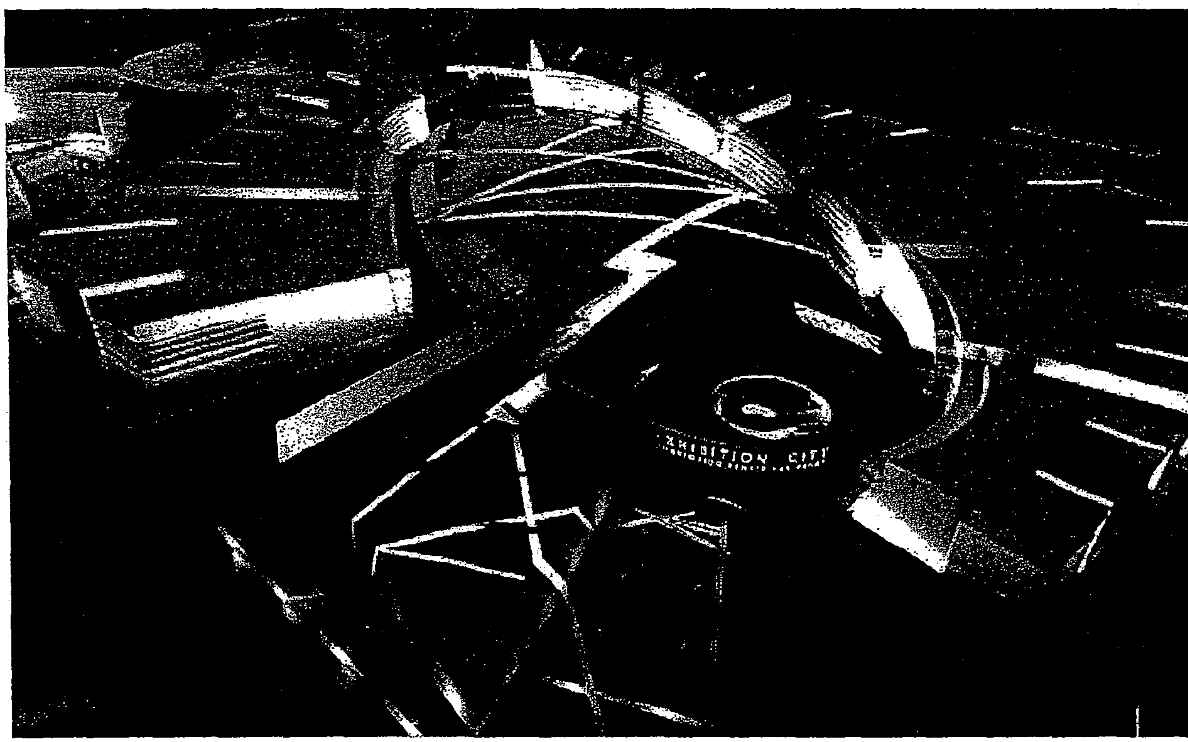
1. This loan has a term of 7 years with no extension option

2. Coverages are based on the LIBOR rate of 0.93%

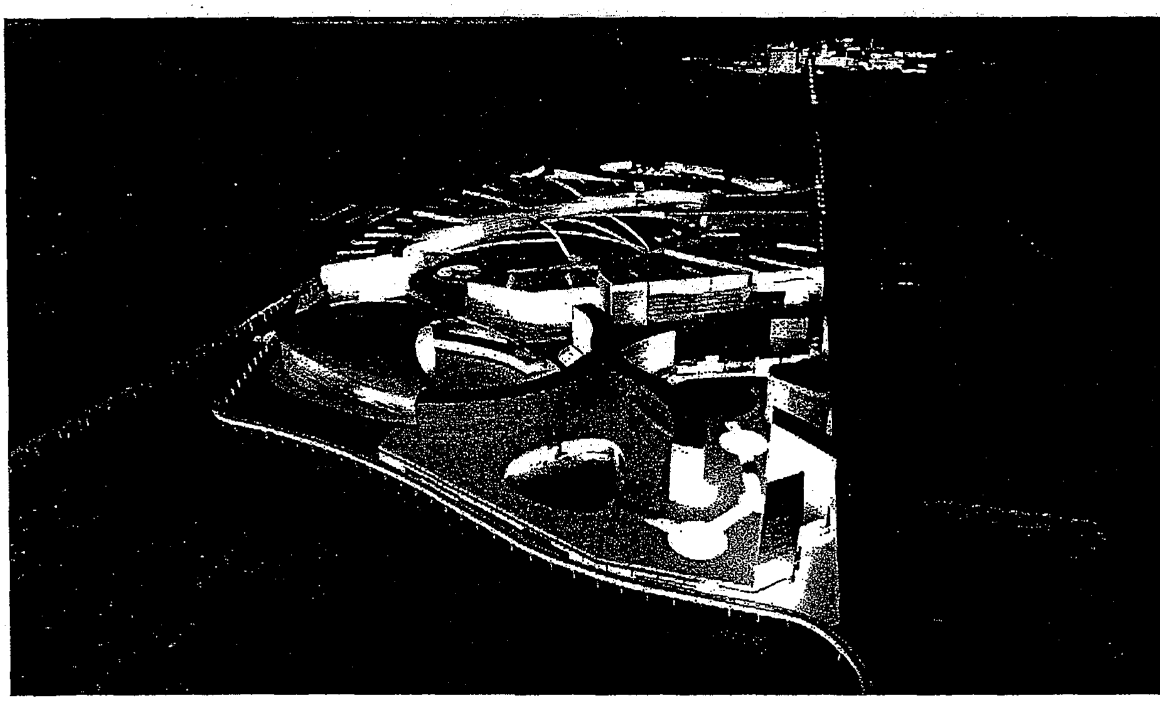
LEHMAN BROTHERS

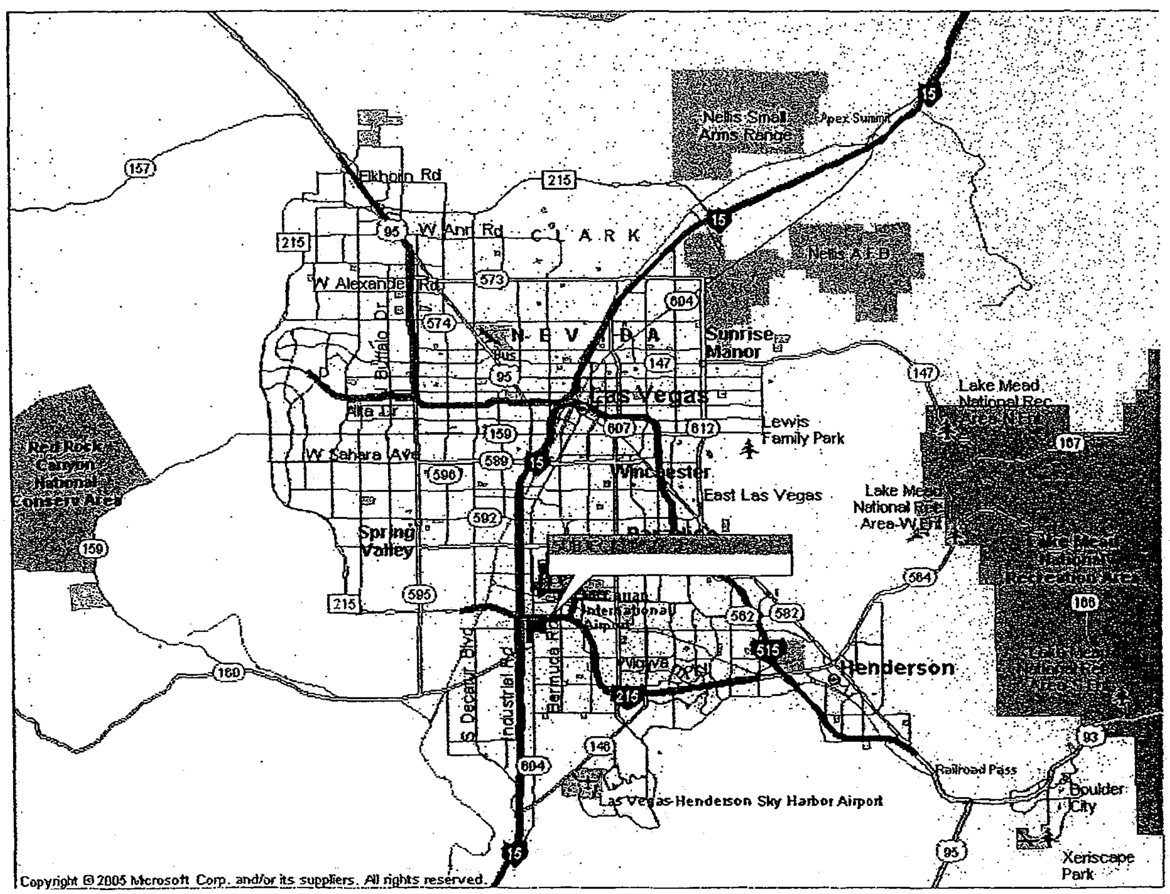
CONFIDENTIAL INFORMATION MEMORANDUM

EXHIBITION CITY



LAS VEGAS, NV




Nellis Small Arms Range
Apex Summit
Elkhorn Rd
W Ann Rd
C L A R K
W Alexander Rd
Buffalo Dr
N E V A D A
Sunrise Manor
Las Vegas
Alta Dr
Lewis Family Park
Lake Mead National Rec
W Sahara Ave
Winchester
East Las Vegas
Lake Mead National Rec Area-W End
Spring Valley
International Airport
Henderson
S Decatur Blvd
Industrial Rd
Bermuda Rd
Railroad Pass
Boulder City
Las Vegas-Henderson Sky Harbor Airport
Xeriscape Park
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Lehman Brothers originated senior, senior mezzanine, and junior mezzanine mortgage loans to fund the acquisition and pre-development of a 110.2-acre undeveloped land parcel into 10 million square feet of trade mart, exhibition, convention, and auxiliary facilities (the "Property"). The Property is located along the west side of Las Vegas Boulevard at the northern end of the South Strip near the airport in Las Vegas, NV.

Transaction Overview

- Lehman Brothers originated a $189 million facility for the acquisition of 55 acres of Las Vegas land in November 2006. In December 2007, Lehman provided an additional $267.2 million for the acquisition and predevelopment of a 52.5 acre parcel and a 2.73 acre parcel. The borrowing entity provided approximately $67 mm of cash equity to the deal.
- Lehman has the right of first refusal on all senior debt for 24 months and a right of first refusal on mezzanine and equity for seven years. The right is terminated when Lehman no longer has capital in the deal, either debt or equity.
- In August 2008, Lehman Brothers sold the Senior Loan ($229.6 million Committed Balance / $190.7 million Outstanding Balance) to LoneStar Funds. Going forward, the Senior Lender will fund all interest costs at the Senior Loan level via a future funding facility which will be senior to the rest of the capital stack. The Senior Mezzanine and Junior Mezzanine interest shortfalls will accrue to their respective loan balances.

Sources & Uses

	08/31/2008		Committed			08/31/2008	Committed
Sources		LTC		LTC	*Uses*		
LoneStar Senior Loan	$190,663,510	*40.8%*	$229,550,086	*43.9%*	Purchase Price	$393,721,174	$393,721,174
Sr Mezzanine Loan	87,526,397	*59.5%*	104,045,680	*63.8%*	Closing Costs	13,090,543	13,090,543
Jr Mezzanine Loan	122,732,200	*85.7%*	122,732,200	*87.2%*	Interest Holdback	7,113,424	46,000,000
Equity	66,838,171	*100.0%*	66,838,171	*100.0%*	Predevelopment Holdback	3,996,879	20,312,773
					Additional Land Parcel Holdback	5,406,610	5,610,000
					Interest Accruals/Payments	44,431,647	44,431,647
Totals	**$467,760,277**		**$523,166,137**		**Totals**	**$467,760,277**	**$523,166,137**

Property Information

- The Property is a 110.2-acre site located along the west side of Las Vegas Boulevard (Route 604, "The Strip"), the east side of Interstate I-15, north of Robindale Road and south of El Dorado Lane in Las Vegas, Nevada.
- The Property is sandwiched between existing development to the north and new development to the south. At acquisition, the site was undeveloped land. The property has 1,677 feet of frontage on Las Vegas Boulevard and 2,047 feet of frontage on I-15.
- When constructed, Exhibition City will be a state of the art multi-mart permanent showroom facility modeled after the successful World Market Center ("WMC"), a permanent exhibition facility implemented by the Sponsor with the Related Companies exclusively for the furniture and home furnishings industry located in downtown Las Vegas. The WMC opened in July 2005 with Phase I encompassing 1.3 million square feet (fully occupied) and Phase II at 1.6 million square feet (fully leased). Phase I and Phase II are fully leased and completed (2.9 million square feet); Phase III (2.1 million square feet), which is under construction, is nearly fully leased with completion anticipated by August 2008. As a result of the continued backlog for space at WMC, the development plans for the 12 million square foot project has been accelerated from 10 years to 7 years.
- Exhibition City provides a platform for industries other than the Furniture and Home Furnishings Industry which is served by WMC. Each building at Exhibition City will be dedicated to a specific industry that has been identified through extensive research as being suitable for being placed in a permanent showroom facility.

Location / Market

- The area is the northern section of the South Strip just southwest of McCarran International Airport and several miles south of the traditional Las Vegas Strip, which is known for its concentration of Casinos and entertainment venues. The subject site is serviced by Interstate-15, a major north/south highway, and the 215 beltway, which encircles the metro area with interchanges at McCarran International Airport and Interstate-15. Subject site is situated near the Las Vegas Outlet Center, the largest shopping center in the area with 130 tenants and 580,000 square feet of retail space
- The Property is located within a residential and commercial area of Las Vegas. This site, due to the location near the airport, has a strategic location at the northern end of the South Strip between the more established Casino development to the north and the new commercial and residential development to the south. Given the uniqueness of the location and absence of similarly sized sites that are appropriate for a variety of uses, this property should continue to be marketable and appreciate in value over time.
- Comparable land transactions range from $1.8 million to $5.1 million per acre with higher values given to larger property sizes and properties on the Strip.
- Since 2000, Las Vegas has been the premier location for trade shows and exhibitions in the U.S. currently hosting 45 of the top 200 events. While Las Vegas continues to gain market share over competing cities, its six million square feet of convention center space are insufficient to accommodate current demand.

Sponsorship

... Robert Ivanhoe, Tamir Sapir, and Alex Sapir (together, the

- Shawn Samson has extensive experience in the trade mart and exhibition industries. Mr. Sampson has been active in the real estate business for over 25 years, starting his career as a Certified Public Accountant with Arthur Andersen & Co in 1982, where he became the senior manager of Real Estate Services Group in the Los Angeles office. In 1989 Mr. Samson joined Triple Five, an international real estate development company which developed and owns the largest mall in the world. He soon became the President of the company's U.S. affiliate which allowed him to oversee the company's interests in large-scale projects including the largest retail and entertainment complex in the United States. Mr. Samson is also one of the Managing Partners of Blue Diamond Village, LLC as well as the managing partner of World Market Center, Las Vegas. Over the course of 6 years, WMC has become a highly acclaimed world class permanent showroom complex for the Home Furnishings industry. Mr. Samson has also served on several Urban Land Institute panels including major downtown revitalization projects in Atlanta, Washington D.C. and San Francisco.
- Lawrence Davis has twenty five years of experience in asset management ($1.5 billion portfolio) and conversion of rental apartments to cooperative ownership.
- Robert J. Ivanhoe, Chairman of Greenberg Traurig Real Estate Group is a shareholder, attorney and has more than 25 years of experience in the area of transactional real estate and business law.
- Tamir Sapir is the founding principal and his son Alex is President of New York based Sapir Organization.

Current Status / Business Plan

- The Sponsor intends to complete the master plan entitlements, achieve pre-leasing sufficient to obtain a construction loan for the first phase of the project, and sign a joint venture agreement with a development partner. On September 25 2008, The borrower will seek H-1 rezoning status for the entire site, enabling the Exhibition City development. Given the relative simplicity (non-gaming use) of the request, and the fact that the property conforms to H-1 zoning requirements, the borrower has good reason to expect a uncontested approval of the rezoning.
- Under the current business plan, construction on Phase 1 will begin in February 2009 with completion projected approximately two years later in 2011.
- Proceeds from the refinance or sale of Phase I at stabilization will be used to partially repay the outstanding debt. The remaining debt will be repaid at maturity through a refinance or sale of the remaining vacant land.
- The final development will contain multiple marts dedicated to specific industries allowing companies to exhibit and sell to both trade buyers and consumers. The concept transforms a trade show booth into a permanent showroom in a mart allowing the exhibitor year-round exhibition and sales.

Strengths

- The Sponsor's successful development of the WMC provides a validation of the Exhibition City business plan and their ability to execute it. Exhibition City is a proposed large-scale project that comprises multiple marts dedicated to various industries for exhibition and sales of their products to both trade buyers and consumers. The concept transforms a traditional trade show booth into a permanent showroom in a mart enabling the exhibitor to engage in year-round exhibition and sales. The concept is economical since a potential exhibitor can lease permanent showroom space at comparable costs relatively to the costs for a four- to five-day event at a convention center twice a year. It also capitalizes on synergies amongst various industries and provides a unique B2B (Business to Business) platform for trade marketing, and it allows businesses to capitalize on the nearly 40 million tourists coming to Las Vegas annually by expanding the business model to a combination trade and retail environment.
- The most significant strength of this asset is its size; Exhibition City represents one of the largest parcels of undeveloped land in such proximity to the CBD, directly on the strip with good access to major highways. As such, it has drawn serious interest from highly qualified and financially capable local, regional and national real estate developers.

Considerations

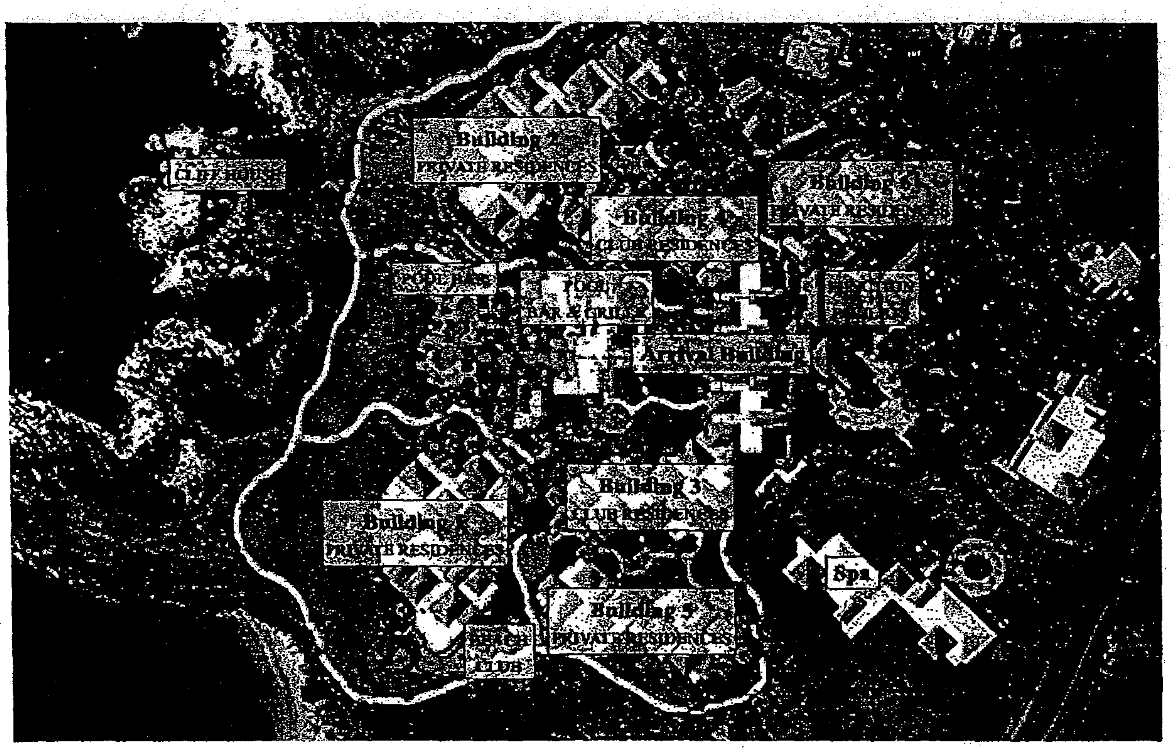
- **Softening of the Las Vegas real estate market.** Las Vegas, while still a major destination, has been subject to declines real estate values and number of tourists visiting per month. An economic downturn could further impact the number of exhibitions and attendance at local conferences and conventions.
    - *Mitigant: The property is well located on the strip and will provide significant draw when completed.*

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

THE RITZ-CARLTON CLUB AND RESIDENCES
KAPALUA BAY

MAUI, HI 96761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Building 3
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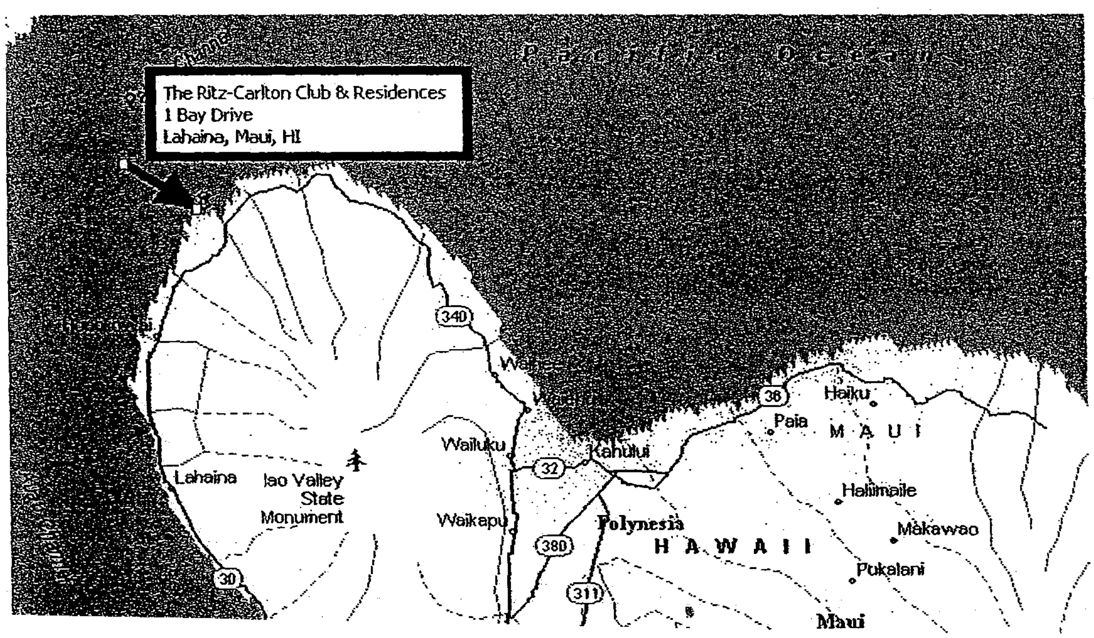
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Iao Valley State Monument
Wailuku
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HAWAII
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340
36
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LEHMAN BROTHERS Real Estate Group — The Ritz-Carlton Club and Residences, Kapalua Bay

Lehman Brothers financed the acquisition and development of 84 private residences and 62 Ritz-Carlton 1/12th fractionals located in Maui, Hawaii.

Transaction Overview

- Lehman Brothers originated a $370,000,000 floating rate loan ("Floating Rate Loan") in May 2007, split into a $350,000,000 A Note (partially syndicated) and a $20,000,000 B-Note (Lehman).
- The loan's proceeds were used by a partnership formed between Ritz-Carlton Development Company, Maui Land & Pineapple ("ML&P") and Exclusive Resorts Development Company, LLC ("ER") (collectively, Kapalua Bay, L.L.C., or the "Sponsor") for the acquisition and development of The Kapalua Bay Ritz-Carlton Club and Residences (the "Property" or "Project") located in Maui, Hawaii.

Sources & Uses

	Balance as of Aug 08			Committed				Balance as of Aug 08		Committed	
Sources		LTC	PSF		LTC	PSF	Uses		PSF		PSF
A-1 Central Pacific	$16,336,844	4.0%	$44	$30,000,000	4.8%	$81	Land	$76,399,928	$205	$76,399,928	$205
A-2 Sachsen	13,614,037	7.4%	81	25,000,000	8.8%	148	Hard Costs	241,882,662	856	386,657,462	1,245
A-3 Deutsche Hypo	13,614,037	10.8%	117	25,000,000	12.8%	215	Soft Costs	67,101,615	1,036	125,964,749	1,584
A-4 Lehman	8,168,422	12.8%	139	15,000,000	15.2%	255	Interest	11,249,554	1,067	30,377,742	1,666
A-5 Lehman	138,863,151	47.2%	512	255,000,000	55.8%	941	Closing Costs	7,497,119	1,087	7,497,199	1,686
Lehman B Note	10,891,230	49.9%	542	20,000,000	59.0%	995					
Total Equity	153,350,588	87.8%	954	157,561,592	84.2%	1,419					
Deferred Deposits	49,292,570	100.0%	1,087	99,335,488	100.0%	1,686					
Totals	**$404,130,878**		**$1,087**	**$626,897,080**		**$1,686**	**Totals**	**$404,130,878**	**$1,087**	**$626,897,080**	**$1,686**

Property Information

- This is a construction loan for:
  - Private Residences: 84 units (249,119 total sf; 2,966 avg. sf/unit)
  - Fractional Ownership: 62 units (1/12th shares) (122,780 total sf; 1,980 avg. sf/unit)
  - A spa, a beach club and a general store
- The Property is a 24.2-acre, oceanfront, master-planned residential community overlooking Kapalua Bay and Namalu Bay within Maui's famed Kapalua Resort. The site is the former Kapalua Bay Hotel and associated land parcels.
- The 146 units will be constructed in six, four- to five-story buildings with excellent views of the ocean and the surrounding islands.
- The residence units will have three to four bedrooms each, ranging in size from 2,789 to 4,055 square feet of living space and 50 to 120 linear feet of ocean view-oriented frontage.
- The 62 (1/12th) Ritz-Carlton Club units range from 1,774 to 2,087 square feet in size.
- Members of the Club will enjoy 21 or more days per year and benefit from all the services and amenities of The Ritz-Carlton Hotel located near by, including golf, tennis and dining privileges as well as spa, beach club, fitness and swimming facilities

Location / Market

- Maui is the second largest Hawaiian Island and has consistently ranked as one of the top island destinations in the world (voted the best island in the world 13 times by Condè Nast Traveler). The island offers world-class beaches, golf, and hiking, a warm climate and water-sports such as windsurfing and whale watching. Maui gets the most sunshine of all the Hawaiian Islands and its annual rainfall results in a lush and flourishing landscape.
- Located on the northwest coast of Maui, this 1,650-acre resort designed in 1975 is widely regarded as one of the pre-eminent master planned communities in Hawaii. Highlights include the white sand beaches, spectacular panoramic views, three championship golf courses, a world-class tennis facility, premier accommodations, and a myriad of shops and restaurants.

Sponsorship

- The Ritz-Carlton Development Company is a wholly-owned subsidiary of Marriott International, and is primarily responsible for the planning, development and marketing/sales of the Ritz-Carlton Club business line. Marriott International, Inc. is a leading worldwide hospitality company with nearly 2,800 lodging properties located in the United States and 66 other countries and territories.
- ML&P is a land-holding and operating company. ML&P owns approximately 28,600 acres on the Island of Maui, of which about 8,400 acres are used directly in the company's operations. ML&P is publicly held and traded on the American Stock exchange (MLP).
  - Maui Pineapple Company, Ltd. is the operating subsidiary ML&P. It supplies pineapple products to United States supermarkets, food service suppliers and processors.
  - Kapalua Land Company, Ltd. is the development subsidiary for ML&P's luxury resort community in West Maui.
- ER is a subsidiary of Exclusive Resorts, LLC a Denver-based, non-equity private club with approximately 1,700 members. Exclusive Resorts members enjoy access to a collection of approximately 300 vacation homes in various luxury destinations. Members currently have access to an [illegible] portfolio of high end and fully serviced homes.

Current Status / Business Plan

- Construction began in October 2006 and completion is expected in March 2009.
- Sales progress is detailed in the following table:

Residential Sales					
	Total	Under Contract	Proceeds	Avg $/SF	Pace
Fractional					
Fractional Units	744	237	$99,247,250	$2,619	9.5
Remaining	507		$171,091,222	$1,984	N/A
Residences					
3-bdrm	48	15	$87,185,891	$2,034	0.6
4-bdrm	8	2	$19,193,965	$2,367	0.1
ER Units^	28	28	$104,218,162	$1,306	N/A
Total	84	45	$210,598,018	$1,610	1.8
Remaining	39		$234,201,797	$1,979	N/A
GRAND TOTAL			**$715,138,287**	**$1,916**	N/A

** Pace - units / month*

^ Exclusive Resorts purchased 28 residences

Strengths

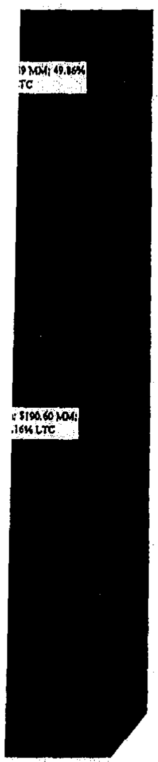
- Current Fractional unit sales have priced at an aggregate 15% premium to the original asking price, including are 28 units sold to ER at a discount.
- Per the appraisal, the aggregate sell out value is $800.0MM. The total loan balance of $370.0MM will represent a 46.3% LTV.
- Overall, the deal is supported by strong sponsorship, excellent project and asset management and strong initial interest.

Considerations

- Given the status of the US economy, the sales pace for the condominium-hotel units may slow down.
    - *Mitigant*: Maui has consistently ranked as one of the top island destinations in the world, and Ritz-Carlton is internationally recognized as a luxury brand. These aspects of the project should make the residential units more resistant to price fluctuation and reduce demand than non-branded vacation residences.

apalua Bay Ritz Carlton Club & Residences

'ully Funded): $370.00 MM



Partially Syndicated

Cap Structure	Total Balance (Current Funded)	LB Balance (Current Funded)	LTC	Total Balance (Fully Funded)	LB Balance (Fully Funded)	LTC	Loan / SF (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Sr Loan: Partially Syndicated	$190,596,491	$147,031,572	*47.2%*	$350,000,000	$270,000,000	*55.8%*	*$941*	*NAP*	*NAP*	*NAP*	*NAP*
B-Note	$10,891,230	$10,891,230	*49.9%*	$20,000,000	$20,000,000	*59.0%*	*$995*	*NAP*	*NAP*	*NAP*	*NAP*
Totals	**$201,487,720**	**$157,922,802**	*49.9%*	**$370,000,000**	**$290,000,000**	*59.0%*	*$941*	*NAP*	*NAP*	*NAP*	*NAP*

Property Type	Residences & Fractional Ownership	
Location	Kapalua, HI	
Total Units	371,899 SF	
Total Cost (May-08)	$404,130,878	*$1,087 / SF*
Total Cost (Fully Funded)	$626,897,080	*$1,686 / SF*
Total Debt (Fully Funded)	$370,000,000	*$995 / SF*
Original Maturity	2/27/2009	
Extended Maturity	2/24/2012	

Notes

1. Total Cost includes fully funded debt, partner equity, and $99.3M of sales deposits.

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

CENTRUM KOMPANIET SHOPPING CENTRE PORTFOLIO

STOCKHOLM, SWEDEN

BOULTBEE LAND PLC

$158M MEZZANINE LOAN AND $41.5M EQUITY

August, 2008

LEHMAN BROTHERS Real Estate Group Centrum Kompaniet [redacted]

$158M Mezzanine Loan Offering and $41.5M Joint Venture Equity Financing

$158m Mezzanine Loan and $42m Lehman Equity(40% of equity) to fund Acquisition in April 2007 of a portfolio of prime shopping centers located in greater Stockholm area, Sweden (the "Portfolio").

Transaction Overview

- In April 2007, a joint venture of the Sponsor Boultbee Land, Lehman and RBS contracted to acquire the Portfolio with the assistance of senior debt plus mezzanine debt to 79% LTV, and a SEK 336m capex facility all from RBS and mezzanine debt to 89% LTV from Lehman (closed and funded in September 2007)
- Lehman loan is second tranche mezzanine capital from 79% LTV to 89% LTV (initial balance SEK 760m/ $127m/ current balance SEK 805m/ $134 m) on the initial DTZ valuation. Interest roll-up facility available of SEK 190m/ $31.7m.
- The Lehman loan is subordinated to an RBS senior loan of SEK 5.85bn/ $0.75bn (to 67% LTV), an RBS first mezzanine tranche of SEK 485m/ $63m (to 79%) and an RBS capex facility with a current balance of SEK 415m/ $69 (being drawn to fund ongoing capex work).
- Current pay on the Lehman mezzanine debt is estimated to be 64%
- Lehman provided SEK 249m/$42m of equity which represented 40% of the equity envelope with RBS providing 20% (plus pref equity of SEK 622.5m/ $119m) and Boultbee providing 40% (SEK 249m/$42m)
- The Portfolio was originally acquired with a SEK 1.9bn/$300m residential portfolio which has already been sold

Property Information

- The Portfolio aggregates 267,815-sqm of prime, formally government owned commercial accommodation across 10 properties of which 59% is retail. Geographically, the Properties are spread across Stockholm.
- The largest asset, Skarholmen (47% of portfolio area) is a major regional commercial hub in Stockholm with c.77,500-sqm of prime retail and c.32,000-sqm of offices. Refurbishment works, when completed in 2009 are anticipated to boost footfall by 75% on 2007 figures.
- The Sponsor anticipates a 5 year hold period to maximise value through driving NOI. Boultbee is focussing on improving NOI through a combination of increases in rental income, annual operational cost savings through centralisation of expenses with the Sponsor's existing Swedish assets, and completion of the ongoing Capex projects in particular at Skarholmen at which a large refurbishment programme is nearing completion (fully funded).
- NOI level has already increased by 10% since acquisition, to the level anticipated in the Sponsor business plan at the end of 2008.
- Strong historic occupancy of over 95% with current occupancy stabilised at 97%.
- The capex works programme at Skarholmen is renovating the entire centre to create a 21st century retail destination. The works contract with Skanska was signed up prior to purchase and is costing SEK 555.6m/ $93m in total fully funded through an available capex facility from RBS. The work is well under way and will be completed in August 2008.An extensive tenant line up is already secured on all parts of the centre.

Tenancy

- Income is generated from c. 1,000 leases and c. 600 individual tenants. The current occupancy rate of the Portfolio is over 97% and the average weighted unexpired lease term is 3.1 years.
- Top tenants at the respective centres include H& M, Lindex, Kapp Ahl, OB, Ahlens, ONOFF, Systembolaget.

- Stockholm retail letting market is showing robustness in light of good consumer demand for shopping in core locations.
- Occupancy across the market remains strong in good locations.
- Investment market has begun to show signs of softening as a result of the credit crunch and currently it has become hard to trade assets due to lack of available finance and buyers.

Capital Structure

Current Source & Uses

Current Sources	USD	PSF	%
RBS Senior Debt	975,415,000	347	56%
RBS Capex Loan	69,206,000	25	4%
RBS Mezzanine Debt 1	80,868,000	29	5%
Lehman Mezzanine Debt 2	134,226,000	48	8%
RBS Pref Equity	65,028,000	23	4%
Lehman Equity	41,518,000	15	2%
Boultbee Equity	41,518,000	15	2%
RBS Equity	20,759,000	7	1%
Sale of Residential Portfolio	324,858,000	116	19%
Total	1,753,396,000	624	100%

Current Uses	USD	PSF	%
Gross Purchase Price	1,639,292,000	584	93%
Net Interest Accruals, fees and capex accruals	114,104,000	41	7%
Total	1,753,396,000	624	100%

Sponsorship

- Boultbee Land is a progressive private property investment company, established in 1987 by Steve and Clive Boultbee-Brooks, which focuses on maximising the income and capital growth potential of commercial property assets across Europe.
- EFM Asset Management ("EFM") is responsible for management of properties and has a strong record of asset management.
- EFM is a wholly owned management business of Boultbee Land.
- EFM has a Scandinavian branch which employs over 100 people around Sweden, Finland and the Baltics.
- It currently manages over €4 billion of property assets across Europe specialising in shopping centres and offices.

Loan Terms

- SEK 950m/ $158m available to total comprised of SEK760m/$128m acquisition facility and SEK 190m interest roll up facility.
- Originally 5 year loan term with 4.25 years remaining to maturity in September 2012. During the term of the Mezzanine Facility, interest is capable of being accrued and capitalized to maximum of the interest rollup facility.
- Current balance is SEK 805m/ $134m. Current As-Is LTV is 94.1% and is based upon initial DTZ valuation SEK 8,025m/ $1,338m and Stabilised LTV is 89.8% based on exit yield of 5.6% on expected NOI in 5 years time (100% LTV at the NIY based on current income).
- Full cash sweep of surplus quarterly cash flow and a full sweep of surplus sales proceeds.
- Lehman has underwritten the Mezzanine loan using the valuer DTZ's cashflow projections for each asset from 2008 to 2013. To these cashflows, Lehman has added 2% pa rental growth to the cashflows which is in line with EFM's projected targets for the portfolio and based on the ability to drive rents and mall income which is something the previous public sector owners did not do.
- Lehman cashflow assumes that all commercial assets are held until sale in January 2013
- A swap is in place on the RBS senior debt, mezzanine loan and capex loan to fix interest payments at an average of 4.57%. Lehman Mezzanine Loan has a margin of 4.5% over 3 month STIBOR.

Equity Terms

- SEK 249m/US$ 42m / 40% of total equity envelope. Boultbee have option to buy out Lehman equity at a 2.0x gross profit multiple until September 2009 otherwise equity returns are shared pari passu

CONFIDENTIAL TREATMENT REQUESTED BY CREDIT SUISSE

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ly Funded: $1,528.94 MM

FLOATING-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	LB Balance (Current Funded)	As-Is LTV	Loan Balance (Fully Funded)	LB Balance (Fully Funded)	Stab. LTV	Loan / sqm (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR (1)(2)	Stab. NCF DSCR (1)(2)
RBS Senior (Commercial): Third party debt	$975,415,364	$0	*72.9%*	$975,415,364	$0	*66.6%*	*$3,738*	*6.59%*	*8.4%*	1.21x	1.55x
RBS Capex (4): Third party debt	$69,205,970	$0	*78.1%*	$100,042,601	$0	*73.4%*	*$4,121*	*6.15%*	*7.6%*	1.13x	1.40x
RBS Mezzanine: Third party debt	$80,867,770	$0	*84.1%*	$80,867,770	$0	*79.0%*	*$4,431*	*5.71%*	*7.1%*	1.03x	1.28x
LB Mezzanine :	$134,226,126	$134,226,126	*94.1%*	$158,400,786	$158,400,786	*89.8%*	*$5,038*	*5.10%*	*6.2%*	0.85x	1.03x
RBS Preferred Equity: Third party equity	$65,027,691	$0	*99.0%*	$110,422,021	$0	*97.3%*	*$5,461*	*n/a*	*n/a*	*n/a*	*n/a*
Equity: (3)	$103,794,199	$41,517,680	*106.8%*	$103,794,199	$41,517,680	*104.4%*	*$5,859*	*n/a*	*n/a*	n/a	n/a
Totals	**$1,428,537,120**	**$175,743,806**	***106.8%***	**$1,528,942,741**	**$199,918,465**	***104.4%***	***$5,859***	***n/a***	***n/a***	***n/a***	***n/a***

Property Type	Retail	
Location	Stockholm, Sweden	
Occupancy	97.70%	
Total Units	260,967 sqm	
As-Is Appraised Value (May-07)	$1,338,069,795	*$5,127 / sqm*
Stabilized Appraised Value (Sep-11)	$1,464,205,174	*$5,611 / sqm*
Total Cap (Fully Funded)	$1,528,942,741	*$5,859 / sqm*
Original Maturity	N/A	
Extended Maturity	N/A	

<u>Notes</u>

1. Coverages for LB Mezz are based on the 3M STIBOR rate of 5.09%

2. Coverage for RBS Senior Debt (Commercial) / RBS Capex / RBS Mezz based on swap rate (average rate of 4.57% over the loan term)

3. LB equity 40% of total equity

4. Capex component is part of the mortgage.

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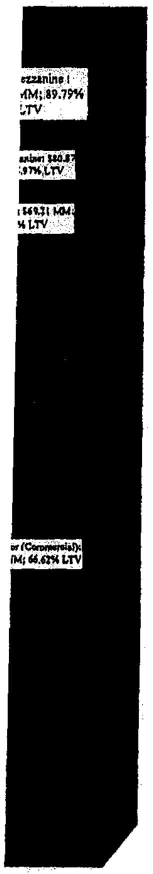
'ully Funded): $1,314.73 MM



FLOATING-RATE LOAN

Cap Structure	Loan Balance (Current Funded)	Available Balance (Current Funded)	As-Is LTV	Loan Balance (Fully Funded)	Available Balance (Fully Funded)	Stab. LTV	Loan / sqm (Fully Funded)	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
RBS Senior (Commercial): Third party debt	$975,415,364	$0	*72.9%*	$975,415,364	$0	*66.6%*	*$3,738*	*6.59%*	*8.4%*	1.22x	1.56x
RBS Capex: Third party debt	$69,205,970	$0	*78.1%*	$100,042,601	$0	*73.4%*	*$4,121*	*6.15%*	*7.6%*	1.14x	1.41x
RBS Mezzanine: Third party debt	$80,867,770	$0	*84.1%*	$80,867,770	$0	*79.0%*	*$4,431*	*5.71%*	*7.1%*	1.03x	1.28x
LB Mezzanine :	$134,226,126	$134,226,126	*94.1%*	$158,400,786	$158,400,786	*89.8%*	*$5,038*	*5.10%*	*6.2%*	0.86x	1.03x
Totals	**$1,259,715,230**	**$134,226,126**	***94.1%***	**$1,314,726,521**	**$158,400,786**	***89.8%***	***$5,038***	***5.10%***	***6.24%***	***0.86x***	***1.03x***

Property Type	Retail
Location	Stockholm, Sweden
Occupancy	97.70%
Total Units	260,967 sqm

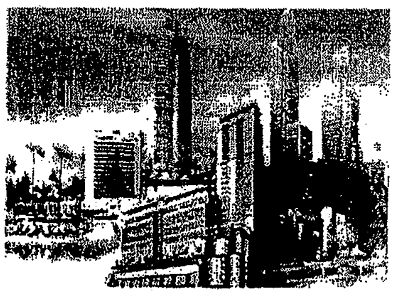
As-Is Appraised Value (May-07)	$1,338,069,795	*$5,127 / sqm*
Stabilized Appraised Value (Sep-11)	$1,464,205,174	*$5,611 / sqm*
Total Debt (Fully Funded)	$1,314,726,521	*$5,038 / sqm*
Original Maturity	9/7/2011	
Extended Maturity	n/a	

Notes

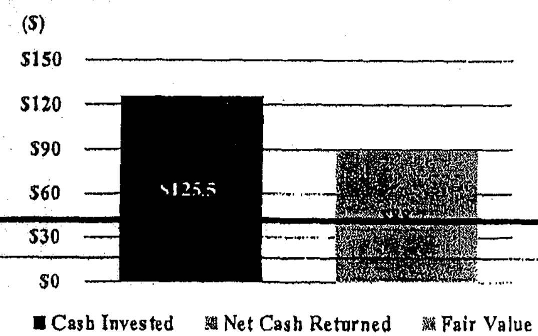
[redacted]

Grande Asset Development Co. Ltd. (Various, Thailand)

Investment Date	30 Jun 2006
Asset Type	Various
Location	Thailand
Partner	Narula Family
Investment Type	Equity
LBREP II Commitment	$159.4 mm
Unfunded Commitment	$33.9 mm
Projected Liquidation Date	Mar 2013



Investment Summary (as of 30 June 2008)



Overview and Strategy

- Acquisition of a majority interest in Grande Asset Development Co. Ltd. ("GAD"), a hotel and residential development ~~and holding company listed on the Thailand Stock Exchange~~
- Portfolio at closing comprised five hotels (four under construction) and four residential projects (under construction) throughout Thailand; when completed, the portfolio shall consist of 1,508 keys and 1,376 units
- Strategy is to build a hotel operating and development platform to take advantage of the projected growth of the Thai hospitality sector and the increasing investor demand for this asset class
- Plan is to assume full control and management of the Company, oversee the construction, stabilization and pre-sales of the Company's hotel and residential development projects over the next two years, assess new opportunities, and continue to declare and to maintain the Company's market appeal as an attractive yield investment
- Investment made in partnership with Pongphan Sampawakoop and the Narula family, seasoned investors in the Thai property market with over 60 years of experience

Recent Events and Outlook

- Restructuring of the business is ongoing and significant steps include:
  - Management team overhauled and new CEO appointed (the former director of hotel operations at Wynn Resorts Macau, a seasoned hospitality industry veteran) in May 2007; new head of construction is providing ongoing construction asset management support
  - Comprehensive refinancing of $349.0 million funded December 2007 with associated guarantee of $87.0 million
  - Value engineering ongoing to reduce cost of development and enhance delivery of hotels and residential units
  - Tender packages sent out to contractors for hotels and residential properties under development
- Sheraton Hua-Hin hotel YTD RevPAR was and GOP were THB 2,315 ($69.0) and THB 52 million ($1.55 million), slightly behind plan of THB 2,674 ($79.7) and THB 69 million ($2.06 million); the Westin Grande Sukhumvit hotel YTD RevPAR and GOP were THB 3,285 ($97.9) and THB 147 million ($4.38 million), also slightly behind plan of THB 3,331 ($99.3) and THB 148 million ($4.41 million)
- Average asking price for future residential condominiums in downtown Bangkok increased by 27.6% year-over-year and competition is expected to increase with a 20.0% increase in supply during 2008; demand remains strong despite the decline in the average occupancy rate from 86.6% in Q4 2007 to 84.2% in Q1 2008
- Both occupancy and ADR of luxury / upscale hotels in Bangkok were up 2.0% and 11.0% year-over-year primarily due to a 13.6% increase in tourism; performance in 2008 expected to remain flat as a 24.0% increase in supply is expected

Pro Forma Projected Return at Closing

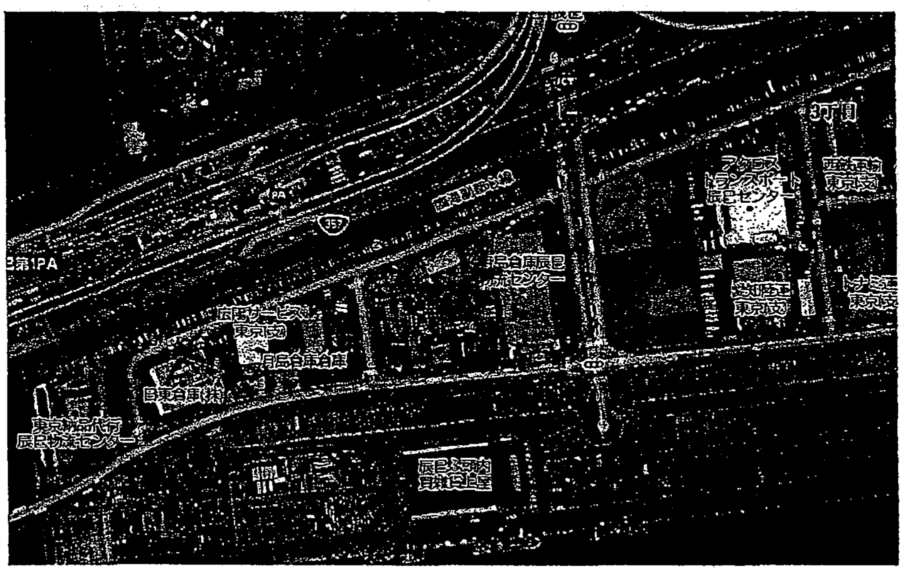
	Pro Forma Return at Closing				Investment	Property
Risk	<22%	22%-28%	28%-35%	>35%	Performance	Performance
Tier IV	☐	☐	☐	☑	Behind	Behind

47

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

AZUSA INVESTMENTS K.K.



RESTRUCTURED US$147.96 MILLION (JPY15.98 BILLION) SENIOR LOAN SECURED BY TOKYO LOGISTIC PROPERTIES

US$147.95 Million (JPY15.98 Billion) Restructured Senior Loan Secured by Four Logistics :operties located in Tokyo and Chiba, Japan.

ansaction Overview

The loan is a senior restructured loan to Azusa Investments K.K. ("Sponsor"), a bankruptcy-remote SPV established by Azusa Capital Ltd. ("Azusa Capital"), an real estate investor operating in Japan and the United States. The original loans were originated by several Japanese banks to K.K. Ochi Unsoten (the "Original Borrower"), then all of the outstanding claims were later acquired by Lehman Brothers ("LB") in order to facilitate the restructuring of the Original Borrower. The restructure was in the form of a corporate split that resulted in an operating company (the Original Borrower) and a real estate company.

In late 2007, the ownership of four logistic properties was transferred from the Original Borrower to the Sponsor and the Sponsor assumed all the related debt that was secured by the four properties.

The anticipated exit is the sale of the four collateralized properties within the next four months. The properties are currently being presented to selective strategic buyers.

ources and Uses of Funds

The predecessor loans were acquired in the secondary market and subsequently merged and restructured; therefore, a detailed sources and uses of funds was not prepared.

oan Terms:

Key terms of the restructured loan are: 1) 3.5% coupon (fixed); 2) interest only payments; and 3) maturity on November 30, 2008.

- As of May 31, the principal balance was JPY15,980,114,171 and unpaid interest and penalty claim of JPY3,519,885,829.
- The LTV, based on appraisals prepared as of October of 2007, is 93%, with an aggregate property value of JPY17.2 billion (US$159.26 million).

Property Information

- The real estate portfolio is comprised of four logistics properties, two leased warehouses in the Tokyo bay-shore area, one leased warehouse in the Chiba bay-shore area, and a logistics development site in the Tokyo bay-shore area.
- The Sponsor has agreed to sell the properties at any time to repay the debt.

Ochi Unsoten Headquarters Site

- Location: Tokyo, Koto-ku, Tatsumi 3-Chome 10-1
- 9,933.88 square meters of land currently leased back to Ochi Unsoten, who is the original owner of the property. The current rent is JPY10.44 million per month until December 2008, and JPY18.30 million per month from December 2008 to June 2009 which is the end of the lease-back period.
- Class A location for a logistics facility, with access to Narita and shipping ports in Tokyo, Yokohama and the Chiba Bay Shore area, all of which are accessible within 30 minutes.
- The appraised value of the property was JPY8.882 billion as of October of 2007.

Warehouse in Tatsumi 3-chome (Askul Headquarter)

- Location: Tokyo, Koto-ku, Tatsumi 3-Chome 10-2 & 10-3
- A six-story, single-tenant logistics property situated on a 6,381.33 square-meter land parcel in Tatsumi 3-chome adjacent to the pervious property (Ochi Unsoten Headquarters Site), with 17,706.84 square meters of net rentable floor area that is currently master-leased to Tsukishima Soko K.K., a privately-owned logistics company. The property is sub-leased to Askul Corporation, a TSE listed office supply distributor, which occupies the property as its headquarters.
- The appraised value of the property was JPY5.019 billion as of October of 2007.

Warehouse in Tatsumi 3-chome (Police Warehouse)

- Location: Tokyo, Koto-ku, Tatsumi 3-Chome, 5-5
- A seven-story, single-tenant logistics property situated on a 961 square-meter land parcel in Tatsumi 3-chome, with 3,359.00 square meters of net rentable floor area. The property is currently master-leased to Tsukishima Soko K.K. and sub-leased to the Tokyo Metropolitan Police Department.
- The appraised value of the property was JPY995 million as of October of 2007.

Warehouse in Narashino (Nippon Express Warehouse)

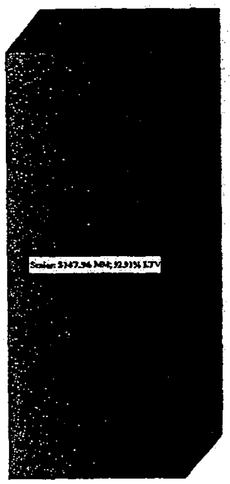
- Location: Chiba, Narashino-shi, Akanehama 2-Chome 19-6
- A six-story, single-tenant logistics property situated on a 6,968.26 square meter land parcel in Narashino-shi, Chiba, with 12,892.70 square meters of net rentable floor area currently leased to Nippon Express Company, a TSE listed global logistics operator.
- A strong location for a logistics facility, with access to Narita Airport (30 minutes away), Haneda Airport (35 minutes away), and shipping ports in Tokyo, Yokohama and the Chiba Bay Shore area, all of which are accessible within 15 to 45 minutes.
- The appraised value of the property was JPY2.3 billion as of October of 2007.

Business Plan

- The business plan for the loan is to collect the interim coupon and receive principal repayment from the sale of the four properties that serve as collateral for the loan.
- LB has 100% of the liens recorded against the four collateral properties.
- Until November 30, 2008, the interest income is

Azusa Investments K.K.

DEBT STACK (Fully Funded): $147.96 MM



FIXED-RATE LOAN

Cap Structure	Loan Balance	Available Balance	Loan / SM	As-Is LTV	Stab. LTV	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior	$147,964,020	$147,964,020	*$3,371*	*92.9%*	*89.8%*	*3.5%*	*6.5%*	1.81x	1.84x
Totals	$147,964,020	$147,964,020	*$3,371*	*92.9%*	*89.8%*	*3.5%*	*6.5%*	1.81x	1.84x

Property Type	Logistics	
Location	Tokyo, Chiba	
Occupancy	97.00%	
Total Units	43,892 SM	s/sbet

As-Is Appraised Value (Oct-07)	$159,259,259	*$3,628 / SM*
Stabilized Appraised Value (May-08)	$164,680,587	*$3,752 / SM*
Total Debt (Fully Funded)	$147,964,020	*$3,371 / SM*
Original Maturity	11/30/2008	s/sbet
Extended Maturity	11/30/2008	s/sbet

<u>Notes</u>

1. This loan has a term of 11 months with no extension option

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

VINTNERS PLACE

London, EC4V 3BJ

Vintners Place

Property Information

Property Name	Vintners Place	**Loan Purpose**	Acquisition
Address	Vintners Place, 68 Upper Thames Street, London. EC4V 3BJ	**Purchase Price**	£172,500,000
No. of Properties	1	**As-Is Appraised Value**	£165,000,000
Property Type	Office	**As-Is Appraised Value Date**	2/29/2008
Property Size	265,993 SF	**Stab. Appraised Value**	NAP
Year Built / Renovated	1992	**Stab. Appraised Value Date**	NAP
		In-Place NOI	£9,333,212
		In-Place NCF	£9,333,212
In-Place Occupancy	94%	**Stab. NOI**	NAP
Occupancy Date	8/11/2008	**Stab. NCF**	NAP
Market Occupancy	NAP	**Cash Flow Date**	7/15/2008
Market Occupancy / Rents Date	NAP	**5 Yr Proforma NOI**	
#VALUE!		***YE 2009***	£9,334,367
Market Rents	NAP	***YE 2010***	£8,996,636
		YE 2011	£8,769,084
		YE 2012	
		YE 2013	

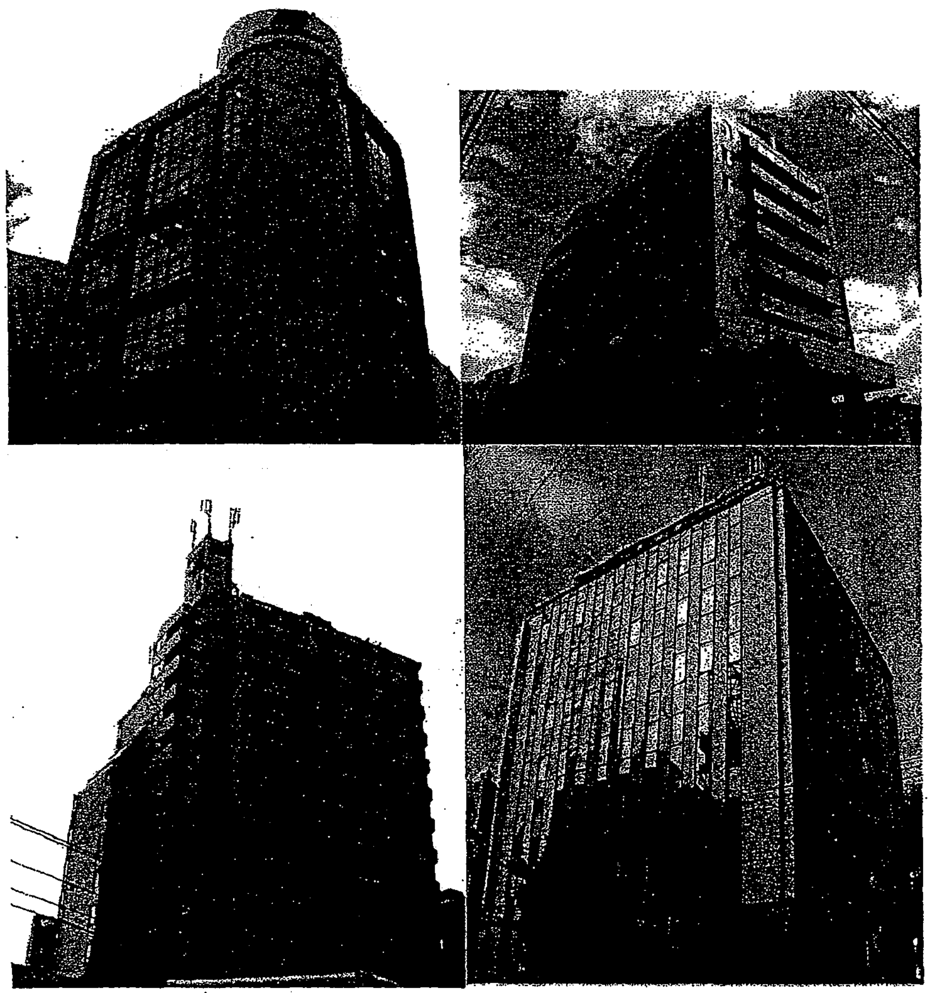
Supplemental Property Information

For Retail, Percent of Property that is Anchor Space? (%)	NAP	**Is the Hotel Flagged?**	NAP
PML (%)	NAP	**For Hotel, Average Daily Rate (ADR)**	NAP
		For Hotel, Revenue per Avail Room ($) (RevPar)	NAP

Top Tenants	*SF*	*Lease Expiration*	*% of Total NRA*	*Rent PSF*
Jefferies International Ltd	67,541	12/24/19	25.39%	£41
HSBC Bank Plc	43,119	12/23/2019	16.21%	£51
JP Morgan Chase Bank National Association	43,487	12/24/2019	16.35%	£40
Total	154,147	-	57.95%	£43

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM



Equus TMK Bond Portfolio, Japan
JPY16,800,000,000 (US$155,000,000) TMK Bonds

$155.6 Million (JPY16.8 Billion) TMK Bonds secured by a pool of residential and commercial properties located :dominantly in Western Japan (Kansai)

ansaction Overview

- Lehman Brothers Japan K.K. purchased TMK bonds (the "Bonds") with a total balance of US$155.6 million (JPY 16.8 billion).
- The collateral is a portfolio of 24 residential and commercial properties located in Osaka, Himeji, Okayama, Kurashiki and Tokyo.
- Capmark K.K. originated the TMK Bonds in November 2006 by purchasing TMK bonds issued by an SPC controlled by Secured Capital Japan. LBJ subsequently purchased the Bonds in July of 2007.
- Loan to Value based on the original third-party appraisals was 79%.

ources and Uses at Closing

JS$ millions

Total Sources		Total Uses	
TMK Bonds	155.6	Purchase Price	204.6
Equity	60.2	Initial Reserves	3.7
		Closing Costs	7.4
Total Sources	215.7	Total Uses	215.7

roperty Information

The portfolio consists of 24 properties, all located in the Kansai area except for Soshin Wakaba Building. The 18 residential properties and six office properties are all fee simple except for Nihonbashi Center Building. By allocated bond amount, 78% of the portfolio is residential and 22% of the portfolio is office use.

#	Property	City	Year Built	Type	NRA (Sqm)
1	Lions City Namba	Osaka	1993/12/1	Residential	8,639.33
2	Suminoe Futaba Building	Osaka	1990/9/1	Residential	6,539.13
3	Pardore Sekime	Osaka	1991/9/1	Residential	5,314.67
4	Lions Mansion Imazato	Osaka	1993/5/31	Residential	3,599.37
5	Nihombashi Center Building	Osaka	1994/4/1	Office	706.30
6	Joytel Nagai	Osaka	1990/9/1	Residential	2,571.27
7	View Life Tenjinbashi	Osaka	1991/9/1	Residential	1,872.40
8	Green Heights Sakuragawa	Osaka	1989/1/1	Residential	3,514.14
9	Yotsubashi Building	Osaka	1993/3/16	Office	2,035.00
10	Drexel Tsukamoto	Osaka	1990/7/27	Residential	3,123.43
11	Yonezawa Building Daini Hommachi	Osaka	1987/3/16	Office	1,679.34
12	Daimana Shin-Osaka Building	Osaka	1985/10/1	Office	2,158.67
13	Felty Chatsu	Osaka	1992/9/21	Residential	3,144.66
14	Maison De Himejinozato	Himeji	1991/4/1	Residential	2,532.13
15	Sanport Heim Miyakojima	Osaka	1990/1/1	Residential	1,627.53
16	La Pafufe De Afere	Himeji	1991/8/1	Residential	1,155.17
17	Jeuness Tenryo II	Kurashiki	1999/2/1	Residential	548.76
18	The Regent	Osaka	1990/2/1	Residential	1,473.75
19	Jeuness Idai Higashi	Okayama	1996/3/1	Residential	1,591.80
20	First Kita-Tanabe	Osaka	1989/5/29	Residential	1,735.47
21	Yonezawa Building Kita-Horie	Osaka	1991/7/1	Office	958.68
22	Jeuness Hoshiro	Himeji	1990/2/1	Residential	1,042.44
23	Soshin Wakaba Building	Tokyo	1991/6/1	Office	289.31
24	Jeuness Tenryo I	Kurashiki	1997/6/1	Residential	859.24
					58,711.98

Location / Market

- The Portfolio consists of B-grade office and residential properties in the Kansai area. The six office properties (including one in Tokyo) are occupied mostly by small and medium-sized businesses, with the Yotsubashi Building an exception with New Balance as its main tenant.
- The residential properties are located in established residential districts in Osaka, Himeji (Hyogo Prefecture) and Kurashiki and Okayama (both in Okayama Prefecture) and are mostly family-type units with stable tenancy.

onsorship

The Sponsor is Secured Capital Japan Real Estate Partners Asia, L.P. and the Asset Manager is SCJ Investment Management Co., Ltd., both related entities of Secured Capital Japan Co., Ltd. Secured Capital Japan was founded by the principals of Secured Capital Corporation (currently Eastdil Secured) and is listed on the First Section of the Tokyo Stock Exchange. Secured Capital Japan is a well-established asset manager and manages both opportunity and core funds. In addition, the company maintains an Osaka-based asset management team and a servicing arm for work-outs.

isiness Plan

The Sponsor is actively marketing stabilized properties within the portfolio for sale and has hired new property managers to implement targeted leasing strategies for certain assets.

Certain properties will require additional capital expenditure to re-position and increase rents.

rengths

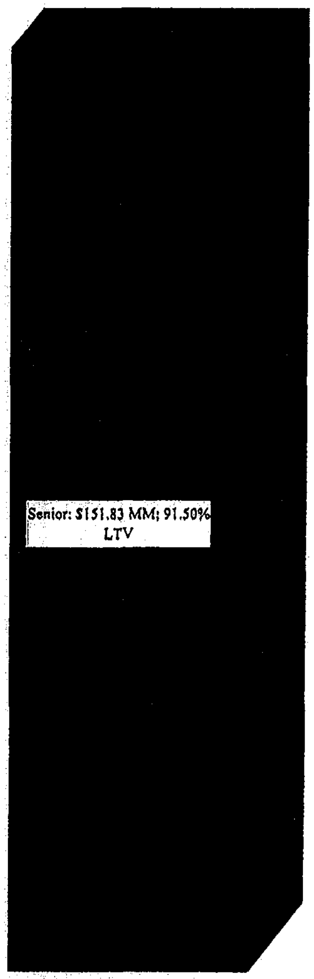
Well-located, competitive real estate collateral.

Stable historical cash flow record with potential upside due to value-up strategy of renovation and lease-up work.

Capable asset manager (Secured Capital Japan) with a strong and dedicated Osaka-based team to manage the Properties.

t Equus TMK Bond

K (Fully Funded): $151.83 MM



FLOATING-RATE LOAN

Cap Structure	Loan Balance	Available Balance	Loan / SM	As-Is LTV	Stab. LTV	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior	$151,828,817	$0	*$1,926*	*91.5%*	*NAP*	*6.1%*	*6.1%*	2.03x	2.03x
Totals	**$151,828,817**	**$0**	***$1,926***	***91.5%***	***NAP***	***6.1%***	***6.1%***	**2.03x**	**2.03x**

Property Type	Residential, Office (24 assets)	
Location	Mainly in Osaka	
Occupancy	89.90%	
Total Units	78,822 SM	s/shet

As-Is Appraised Value (Aug-08)	$165,929,825	*$2,105 / SM*
Stabilized Appraised Value (NAP)	NAP	*NAP*
Total Debt (Fully Funded)	$151,828,817	*$1,926 / SM*
Original Maturity	11/1/2011	s/shet
Extended Maturity	11/1/2011	s/shet

<u>Notes</u>

1. This loan has a term of 4.4 years with no extension option

2. Coverages are based on the LIBOR rate of 0.87%

LEHMAN BROTHERS

CONFIDENTIAL INFORMATION MEMORANDUM

PROJECT COWBOY

JPY 24 BILLION SENIOR SECURED LOAN

insaction Overview

A 24 billion yen senior, secured loan was originated in April 2007 - the loan was part of a corporate re-structure of a public supermarket retailer, Cowboy Co., Ltd. ("Cowboy"), that was 35% owned by Goldman Sachs ("GS"). GS sold the assets from the corporate into a new SPC vehicle where GS was 85% of the equity and Cowboy was 15% of the equity. The loan had significant reserves for cap ex, tenant deposits, etc - there was further recourse to GS and Cowboy on a several basis for additional liabilities

The business plan was to spend about JPY3 billion (US$27.8 million) for capital expenditure into the portfolio stores and improve the sales of the anchor tenant. Within two quarters of loan closing the stores started to decline in sales; mostly due to Cowboy management and lack of GS ability to influence the management. As stores sales started to decline and GS lost influence the Sponsor did not invest the capital expenditure into the stores as part of the asset plan. This further depressed the sales situation at the anchor tenants and certain other in-line tenants started to experience sales declines as well.

As part of the original corporate re-structure, Cowboy entered into new leases as the anchor of these stores at levels that where high but reasonable within their sales per square meter historical. The initial ratio of rent to sales was 5.2% of gross revenues, this was in-line for supermarket operators in the industry but on the high side for regional supermarkets. As sales declined by more than 30% the stores became unprofitable and the rent payment ratio became unsustainable for the tenant. As Cowboy declined and GS stopped active asset management at the centers, certain tenants demanded rent reductions or stopped paying rent. Economic occupancy at the portfolio went to 60% as of June 2008.

Cowboy, the retailer, continued to face cash shortages at the corporate level and the stock dropped, prompting trading to be halted on the stock. At this point, Cowboy auditors stated that if a Sponsor was not found that Cowboy would have to de-list and file for BK protection (June 2008).

Cowboy found a potential Sponsor in a private company called Trial Company ("Trial") based in western Japan that operates a "discount" supermarket concept and has experience in turning around these unprofitable retailers. As part of the agreement to sponsor Cowboy, Trial required a) significant rent reductions from the current rent level approx 40% b) waiver of any Cowboy liabilities at the asset holding SPC (about 700 million yen) and c) 33% of GS's share holdings in Cowboy at a nominal fee.

The initial write-down was in June 2008 based on an early proposal for new rent terms from Trial that was used in re-valuing the portfolio cash flows as well as adjusting cap rates for property profile and current yield premiums. This was approximately a 3 billion yen mark down, or US$27.8 million.

On July 25th 2008, we reached a tentative lease agreement, although Trial announced their sponsorship of Cowboy in the press, that although was lower than the initial Trial offer in June does include a percent rent component on top of a base rent as well as 7-year lease term for the portfolio. We then re-visited the UW based on the new lease terms that were lower than the prior offer and further marked the portfolio by another JPY2.6 billion or USD$24 million. Net of reserves that can be collected from GS the basis will be JPY13.6 billion or USD$127 million. There were significant other cash reserves[1] within the structure on-top of the GS recourse as shown in the table below The last mark was taken on July 31 and the current loan basis is JPY 16.3 billion or USD$151 million. We do not expect any further marks at this point.

Loan Basis as of August 31, 2008

	JPY MM	USD MM
Loan UPB as of Aug 31 '08	\23,360	$216
Property UW value	\13,697	$127
Reserves	\2,420	$22
Collection from GS	\737	$7
Interest Reserved (Jan '08-)	(\572)	($5)
Loan Basis as of Aug 31 '08	**\16,282**	**$151**

- The plan is to continue to have GS and Cowboy hold the equity of the properties but have GS agree to change the AM from GS related company to APL. APL will complete the lease discussions with Trial, start to either evict tenants or collect rent and begin or re-position the portfolio. We estimate with-in 9 to 12 months and after initial Trial performance as anchor there will be potential to either sell the portfolio or re-finance a majority of our position out. There is also potential to sell certain assets in the pool on an individual basis.

DSCR reserve, and tax and insurance

Currently, even at 60% economic occupancy, there is sufficient cash flow to service all operating costs, AM fees and partial interest on the original loan amount. We expect the economic occupancy to improve as there is one tenant that (Gourmet Boy listed below in the asset description) is the majority of the non-payment of rent and Trial should improve customer traffic at the stores.

Next steps are to complete the Trial lease, collect on the GS recourse, settle the Cowboy liabilities and transfer the AM management agreement and operating control to APL from GS Realty Japan and stabilize the portfolio.

rtfolio Description

The current portfolio consists of 14 properties. The 12 properties are 1-story or 2-story power centers, located mostly in northern Japan, in Hokkaido (8), Miyagi (3), and Niigata (1). One land parcel where Cowboy's power center stood, and the headquarter office building for K.K. Cowboy located in Hokkaido. The buildings were constructed mostly in the 1990s, with the oldest properties built in 1988 (Gourmet Ship) and the newest property built in 2005 (Kakuta). Additionally, as a bi-product of the company demerger 3 master lease agreements still existed with three properties (Tsukisappu, Sinoro, Mikawa) separate from the 14 properties in the Portfolio. These 3 master leases, which had been running about a JPY 100 million deficit per annum, were expected to be phased out within a year, and as an incentive to execute this plan, JPY 120 million had been set aside in the Leasing Reserve account (to be held until all ML's are terminated). 1 master lease property (Shinoro) was terminated at the end of July 2008, and currently 2 master lease agreements remain.

The four largest properties by value, of which three are located in Hokkaido, account for 72.5% of the total Portfolio value. The largest three properties, Atsubestsu, Kamiiso, and Sanbongi, account for approximately 20% of the Portfolio by value, respectively.

'ortfolio Summary

No.	Property	Location	Year Built	Type Use	Land Area (sqm)	GFA (Sqm)	GFA (%)	NRA (Sqm)	NRA (%)
1	Atsubetsu	Hokkaido	1996	SC	27,672	33,306	13%	25,430	11%
2	Sanbongi	Miyagi	1996	SC, Spa	95,264	41,112	16%	36,951	16%
3	Kamiiso	Hokkaido	1995	SC	45,768	23,274	9%	20,306	9%
4	Teine	Hokkaido	1996	SC	24,360	16,097	6%	12,392	5%
5	Tomakomai	Hokkaido	1993	SC, Spa	73,109	26,584	10%	25,243	11%
6	Eniwa	Hokkaido	1998	SC, Spa	111,233	23,878	9%	21,109	9%
7	Gourmet Ship	Hokkaido	1988	Restaurant, Spa	8,049	19,659	8%	19,200	8%
8	Fushiko	Hokkaido	1966	SC	12,589	18,602	7%	14,682	6%
9	Jyoetsu	Nigata	1944	SC, Spa	42,402	19,453	8%	18,301	8%
10	Fujino	Hokkaido	1990	SC	27,436	6,586	3%	15,541	7%
11	Head Office	Hokkaido	1988	Office, food	5,851	6,848	3%	5,097	2%
12	Takigawa	Hokkaido	na	Land	20,117	0	0%	0	0%
13	Shiroishi-Zao	Miyagi	1994	SC	4,478	15,635	6%	14,685	6%
14	Kakuta	Miyagi	2005	SC	0	2,978	1%	2,817	1%
17	Subtotal Taurus's Properties				498,328	254,011	100%	231,754	100%
15	Tsukisamu	Hokkaido	na	SC	0	0	0%	0	0%
16	Mikawa	Yamagata	na	SC	0	0	0%	0	0%
	Subtotal Master Lease Properties				[illegible]	[illegible]	[illegible]	0	[illegible]
	Grand Total				[illegible]	254,011	100%	231,754	100%

Tenant Concentration:

- In terms of rent income, the largest tenant is, presently K.K. Cowboy who will be replaced by Trial by the end of August 2008, accounting for 16% of total rent income. The Gourmet Boy who was former K.K. Cowboy's subsidiary operating hot springs business accounts for 13.6% is the second largest tenant based on the contracted rent basis, but has been late in paying since May 2008. Thereafter, the following are the other major tenants in order of rent income: Senkin World (5.2%, discount store), and Eight Leisure (3.0%, amusement center), Daiso Sango (1.2%, discount store). These in-place leases are considered to be at market levels.

#	Tenant	NRA tsubo	% of total NRA	Monthly Rent (yen)	% of total Rent
1	Cowboy / Trial	10,304	14.0%	36,444,617	15.8%
2	Gourmet Boy	17,637	23.9%	31,485,400	13.6%
3	Senkin World	3,853	5.2%	12,001,955	5.2%
4	Eight Leisure	1,974	2.7%	6,808,210	3.0%
5	Daiso Sangyo	4,525	6.1%	2,775,428	1.2%

1974 as a retailer dealing only in home electronics. It started discount supermarket business in 1992, and since then, has been rapidly expanding its number of stores.

nderwriting Methodology

LB underwrote the portfolio based on income approach except for one land parcel, head quarter office building of which our value is based on land residual value. The underwriting summary is as follows:

nderwriting Summary

lo.	Property	In-Place Economic Occupancy	In-Place Rent / Tsubo	UW Occupancy	UW Rent 1 / Tsubo	UW Rent 2 / Tsubo	UW Cap Rate	UW Value (JPY MM)	
								Value	(%)
1	Atsubetsu	80.4%	4,867	92.0%	4,133	4,625	6.75%	2,896	21.6%
2	Sanbongi	42.3%	4,162	85.0%	3,623	4,133	7.00%	2,701	20.2%
3	Kamiiso	70.9%	5,303	85.0%	5,200	5,383	6.75%	2,875	21.5%
4	Teine	97.1%	4,674	95.0%	4,242	4,143	6.75%	746	5.6%
5	Tomakomai	56.7%	3,807	90.0%	2,823	3,269	6.75%	1,522	11.4%
6	Eniwa	74.4%	3,020	92.0%	2,879	3,164	6.75%	687	5.1%
7	Gourmet Ship	0.0%	0	95.0%	1,613	-	8.00%	712	5.3%
8	Fushiko	98.4%	3,113	95.0%	3,167	3,174	6.75%	305	2.3%
9	Jyoetsu	39.4%	3,299	85.0%	2,546	2,869	8.00%	465	3.5%
10	Fujino	84.4%	4,061	95.0%	3,855	4,095	6.50%	260	1.9%
11	Head Office	29.8%	4,981	na	na	na	8.50%	211	1.6%
12	Takigawa	na		na	na	na	0.00%	59	0.4%
13	Shiroishi-Zao	58.6%	5,090	82.0%	3,547	4,188	9.25%	258	1.9%
14	Kakuta	80.0%	2,815	na	na	na	-	(106)	-0.8%
15	Tsukisamu	97.2%	3,601	na	na	na	-	(150)	-1.1%
16	Mikawa	100.0%	1,919	na	na	na	-	(54)	-0.4%
	Grand Total	[illegible]	4,157	89.6%	3,336	3,968	6.96%	13,387	100.0%

Rent: Weighted average underwriting rent is JPY 3,336 per tsubo (JPY 3,968 per tsubo for currently occupied space) while the in-place weighted average in-place rent is JPY 4,157 per tsubo as of June 2008.

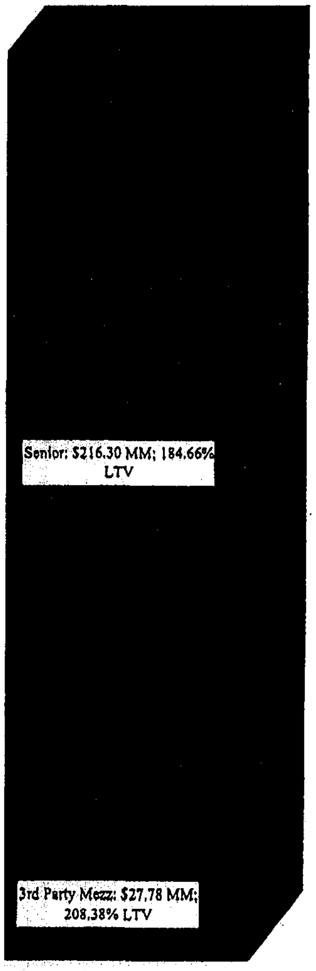
Occupancy: Weighted average underwriting occupancy rate for the portfolio based on the underwriting rent above is 89.6%. The current physical occupancy rate is approximately 84%, although the current economic occupancy rate is 60%

Cap Rate: Weighted average NCF cap rate and NOI cap rate is 7.0%, and 8.5%, respectively.

The resultant value of the portfolio is JPY 13.4 billion assuming JPY310 million (USD$2.9 million) of assumed termination cost for the master lease properties and the leasehold property with negative cash flow (Kakuta).

:t Cowboy

:K (Fully Funded): $244.07 MM



FLOATING-RATE LOAN

Cap Structure	Loan Balance	Available Balance	Loan / SM	As-Is LTV	Stab. LTV	In-Place Debt Yield	Stab. Debt Yield	In-Place NCF DSCR	Stab. NCF DSCR
Senior	$216,296,296	$0	*$862*	*184.7%*	*NAP*	*2.6%*	*2.6%*	0.92x	0.92x
3rd Party Mezz	$27,777,778	$0	*$972*	*208.4%*	*NAP*	*2.3%*	*2.3%*	0.55x	0.55x
Totals	**$244,074,074**	**$0**	***$862***	***184.7%***	***NAP***	***2.3%***	***2.3%***	**0.92x**	**0.92x**

Property Type	Retail, Office and Land (15 Retail out of 17 collaterals)	
Location	Mainly in Hokkaido	
Occupancy	84.00%	
Total Units	251,033 SM	s/shet

As-Is Appraised Value (Aug-08)	$117,129,630	*$467 / SM*
Stabilized Appraised Value (NAP)	NAP	*NAP*
Total Debt (Fully Funded)	$244,074,074	*$972 / SM*
Original Maturity	6/25/2010	s/shet
Extended Maturity	6/25/2010	s/shet

Notes

1. This loan has a term of 3.2 years with no extension option

2. Coverages are based on the LIBOR rate of 0.59%