TERM SHEET (SPONSOR)

PROJECT EASY LIVING

- Real Estate Private Equity Inc. or an affiliate ("Lehman Equity Entity") will form a joint venture (the "Sponsor") with Tishman Speyer Development Corp., or an affiliate ("TS"). Sponsor will in turn enter into a joint venture (the "Joint Venture" or the "Company") with another affiliate of Lehman Brothers Holdings Inc. ("Lehman") and Banc of America Strategic Ventures, Inc. or an affiliate ("BofA" and together with Bridge Equity Provider, collectively "Bridge Equity Provider") as the bridge equity provider. The Joint Venture will acquire a controlling equity ownership interest in each of Archstone-Smith Trust (the "Company") and Archstone-Smith Operating Trust (the "Operating Trust") (collectively, the "Acquired Interests"), pursuant to and as more particularly described in a merger agreement (the "Merger Agreement") to be entered into among the Company, the Operating Trust, the Joint Venture and two merger subsidiaries of the Joint Venture (the "Transaction"). Except as otherwise provided herein, both TS's and Lehman Equity Entity's Equity Commitments are subject to the general provisions detailed herein and to the execution of a definitive agreement between TS and Lehman Equity Entity (the "Sponsor Agreement").

- Total Initial Sponsor Capitalization: Total initial capitalization of the Joint Venture shall be approximately $21,800,000,000 based on an acquisition price of $20,850,000,000 and total equity contributions to the Joint Venture by the members of the Sponsor shall be approximately $500,000,000, provided, that each of TS and Lehman Equity Entity shall have the ability to increase its equity contribution by up to an additional $100,000,000 (and any such increased equity shall not be subject to any promote or administration fees). Except as otherwise provided in the previous sentence, any change in total initial capitalization or total equity contributions shall require TS's and Lehman Equity Entity's approval.

- Initial Sponsor Equity Commitment:

  - TS: $250,000,000, subject to increase as provided above
  - Lehman Equity Entity: $250,000,000, subject to increase as provided above

The parties acknowledge that the equity commitments to Sponsor may, upon the agreement of the parties, be made as limited partnership contributions directly to the Joint Venture. All references to Sponsor herein and in the Bridge Equity Term Sheet (including any indemnity obligations) shall be deemed to include all general and/or limited partner interests attributable to capital contributions described above.

- Interests in Promote ("Promote Percentage Interests"):

  - TS: 65%
  - Lehman Equity Entity: 35%

- Interests in Administration Fees ("Fee Percentage Interests):

  - TS: 60%
  - Lehman Equity Entity: 40%

Anything to the contrary contained herein notwithstanding, after Lehman Equity Entity receives a twenty percent (20%) IRR, the Fee Percentage Interests shall be: 65% TS and 35% Lehman Equity Entity and all further distributions and payments (including promote payments and payments of the Administration Fees) to Lehman Equity Entity shall be paid to TS until TS receives an amount equal to the additional Administration Fees which would have been paid to TS if the Fee Percentage Interests were originally 65% TS and 35% Lehman Equity Entity.

- Bridge Equity Provider Bridge Equity: Bridge Equity Provider will provide Bridge Equity with respect to the Transaction. Any Bridge Equity provided by Bridge Equity Provider will be on terms to be set forth in a separate term sheet between Bridge Equity Provider and Sponsor (the "Bridge Equity Term Sheet").

- Deposit/Guarantees/Break Up Fees: Per the Bridge Equity Term Sheet.

- Distributions: Per the Bridge Equity Term Sheet, all distributions by the Joint Venture to its partners will be made *pro rata* based on contributed capital, except that after syndication of the Bridge Equity (and subject to the failed syndication provisions set forth in the Bridge Equity Term Sheet), Sponsor will be entitled to a twenty percent (20%) promote (the "Promote") after the other partners receive an eight percent (8%) IRR; *provided, however*, that except as otherwise provided in the Bridge Term Sheet there will be no promote of Bridge Equity Provider's Equity so long as any Bridge Equity Provider continues to hold any equity in the Joint Venture. Additionally, there shall be no promote or administration fees on the capital of either Lehman Equity Entity or TS or their affiliates. The Promote received by the Sponsor shall be distributed to TS and Lehman Equity Entity in accordance with their respective Promote Percentage Interests. The Administrative Fees received by the Sponsor (after payment of any expenses of Sponsor and any member of Sponsor permitted by the then approved budget) shall be distributed to TS and Lehman Equity Entity in accordance with their respective Fee Percentage Interests.

- Control: TS (through the management of the Company) will be responsible for the day-to-day operations of the Company and its subsidiaries. Each of Lehman Equity Entity and TS shall have the right to advance all proposed major decisions (to be defined in the definitive documents) for the consideration by the other. All major decisions (including, without limitation, the approval of any decision to extend the term of the Joint Venture (as described in the Bridge Equity Term Sheet) shall require the approval of both TS and Lehman Equity Entity. Notwithstanding the foregoing, at any time after the date that is six and one-half (6.5) months after the closing of the Transaction, to the extent that Alternative Permanent Financing or CMBS Debt Financing (as such terms are defined in the Fee Letters referenced in the Debt Term Sheet) has not previously been implemented for the full amount of the Credit Facilities, then TS shall have the right to cause the Sponsor to cause the Joint Venture to implement any remaining Alternative Permanent Financing or CMBS Debt Financing after consultation with, but not approval by, Lehman Equity Entity.

- Advisory Council: An Advisory Council comprised of at least five (5) representatives of the syndication investors shall be appointed as mutually agreed upon by Lehman Equity Entity and TS.

- Management: The management of the Company shall report to TS with respect to the day-to-day operations of the Company and its subsidiaries, subject to the approval of both TS and Lehman

Equity Entity with respect to major decisions. There shall be no fees (other than the administration fees specified in the Bridge Equity Term Sheet) payable to Lehman Equity Entity or TS or their affiliates with respect to the management or operation of the Company or its Subsidiaries unless approved as a major decision by each of TS and Lehman Equity Entity.

- Affiliate Agreements: Any agreements with, or fees payable to, any affiliate of TS, Lehman Equity Entity or Bridge Equity Provider (including any agreements or fees with respect to providing financing, investment banking, advisory, placement agent, lead underwriter, property management, leasing or development) must be approved by TS and Lehman Equity Entity. Any agreements with, or fees payable to, any affiliate of TS, Lehman Equity Entity or Bridge Equity Provider (including any agreements or fess with respect to providing financing, investment banking, financing, advisory, placement agent, lead underwriter, property management, leasing or development) must be approved by both TS and Lehman Equity Entity. The administration fee and all other fees expressly contemplated in the Bridge Equity Term are hereby approved by TS and Lehman Equity Entity.

- Closing Expenses: All of Bridge Equity Provider's, Lehman Equity Entity's and TS's third-party expenses, including attorneys' fees, and internal salary and overhead costs shall be paid by the Joint Venture as part of the capitalized cost of the Transaction, provided that TS's internal salary and overhead costs to be reimbursed shall not exceed the lesser of actual cost, as reasonably documented, and $5,000,000 and Lehman Equity Entity shall be entitled to reimbursement of its internal salary and overhead costs in the same amount reimbursed to TS. In the event the Transaction is not consummated, each of TS, Bridge Equity Provider and Lehman Equity Entity shall pay its own internal salary and overhead costs and Sponsor and Bridge Equity Provider shall be responsible for all reasonable third-party expenses incurred with respect to the Joint Venture and the pursuit of the Transaction and each of TS and Lehman Equity Entity shall bear 25% of the aggregate of all such third-party expenses and Bridge Equity Provider shall bear 50% of such aggregate expenses.

- Operational Expenses: During the term of the Joint Venture, Sponsor shall reimburse TS and Lehman Equity Entity for their respective expenses incurred in connection with supervising and administering the investment in accordance with the then approved budget, which budget must be approved as a major decision by each of TS and Lehman Equity Entity. The amount to be reimbursed pursuant to the preceding sentence shall include internal salaries and overhead but in all events only to the extent permitted by and consistent with the then approved budget, which budget must be approved as a major decision by each of TS and Lehman Equity Entity).

- Indemnities: In the event Sponsor has any indemnification obligation or liability to the Joint Venture, to the extent such indemnification obligation or liability is not due to the gross negligence, willful misconduct or fraud of either TS or Lehman Equity Entity as determined by a final, unappealable judgment of a court of competent jurisdiction, then the Sponsor and each of the affiliated partners of the Joint Venture of Lehman Equity Entity and TS (jointly and severally as to the Joint Venture but based on a 50:50 basis as to themselves except as provided below) shall bear such indemnification obligation or liability and to the extent such indemnification obligation or liability is due, in whole or in part, to the gross negligence, willful misconduct or fraud of either TS or Lehman Equity Entity as determined by a final, unappealable judgment of a court of competent jurisdiction, then (i) such party at fault and each of its affiliated partners of the Joint Venture shall bear its portion of such indemnification obligation or liability to the extent it is finally determined to be at fault and (ii) the Sponsor and each of the affiliated partners of the Joint Venture of Lehman Equity Entity and TS (jointly and severally as to the Joint Venture but on a 50:50 basis as to themselves except as provided below) shall bear any remaining indemnification obligation or liability. To the extent that TS and Lehman Equity Entity actually receive any promote (whether before or after an indemnification liability is paid), then any indemnification obligation of TS and Lehman Equity Entity which would otherwise be shared on a 50:50 basis as provided above shall instead be shared based on the Promote Percentage Interests to the extent of the amount of the promote actually received and indemnification obligations in excess of the amount of the promote actually received shall be shared as otherwise provided herein. The preceding sentence shall not apply to any indemnification obligation for which only one party is liable as specified herein.

- Syndication Indemnities: Notwithstanding anything to the contrary in the preceding section, with respect to the Syndication Indemnification provided for in the Bridge Equity Term Sheet each of TS and Lehman Equity Entity shall indemnify the other and its affiliates from any securities or other liability (including liabilities for which Sponsor is obligated to indemnify Bridge Equity Provider pursuant to the Bridge Equity Term Sheet) arising from the actions of TS or Lehman Equity Entity (which shall not include the preparation of the offering materials), as the case may be, in violation of the securities laws or from any of the following:

  (i) any information about TS or Lehman Equity Entity, as the case may be, or its affiliates provided by TS or Lehman Equity Entity, as the case may be, for use in the offering materials;

  (ii) any provision contained in the offering materials that (A) was proposed by TS or Lehman Equity Entity, as the case may be, and (B) the other party specifically objected to in writing and as to which the other party advised TS or Lehman Equity Entity, as the case may be, that such party would only include in the offering materials if TS or Lehman Equity Entity, as the case may be, agreed to be solely responsible for any loss, claim, damage or liability, joint or several, or any action arising from such provision;

  (iii) the affirmative acts of TS or Lehman Equity Entity, as the case may be, in marketing the equity interests in the Joint Venture (but which shall not include any claims based on the offering materials, except as provided in clauses (i) and (ii) above);

  (iv) any information other than the offering materials given to Syndication Investors by TS or Lehman Equity Entity, as the case may be, without the consent of the other party in connection with the syndication; and

  (v) to the extent that (i) TS or Lehman Equity Entity, as the case may be, provides any Syndication Investors with offering materials and (ii) revised offering materials exist at the time of admission of such Syndication Investor and such revised offering materials have been provided to TS or Lehman Equity Entity, as the case may be, the failure of TS or Lehman Equity Entity, as the case may be, to provide such Syndication Investor with such revised offering materials prior to such admission.

  Except as provided above, all liability of Sponsor in connection with the offering materials shall be borne on a 50:50 basis subject to the last two sentences in the section entitled "Indemnities" above.

- Title Insurance: Lehman Equity Entity will have the right to designate the providers of one-half (1/2) of the title insurance coverage in connection with the Transaction or any future transaction of the Joint Venture or any of its subsidiaries and TS will have the right to designate the providers of one-half (1/2) of such title insurance coverage.

- Transfers: Except for transfers to affiliates of TS or Lehman Equity Entity (with the definition of "affiliates" to be set forth in the definitive documents), neither TS nor Lehman Equity Entity may transfer, directly or indirectly, its interest in Sponsor or in any of their respective affiliated partners in the Joint Venture, without the approval of the other party (which may be withheld in such party's sole and absolute discretion) and a majority in interest of the Syndication Investors (as defined in the Bridge Equity Term Sheet). The transfer restrictions to be set forth in the definitive documents will in no event prohibit or restrict transfers by parties other than TS and its affiliates of interests in Tishman Speyer Real Estate Venture VII, L.P. ("Fund VII") or any higher-tier entity.

- Confidentiality: Lehman Equity Entity and TS shall keep the terms and existence of this term sheet confidential, except as required by law, court order or stock exchange regulations. Notwithstanding anything herein to the contrary, the confidentiality obligations under this letter shall not apply to disclosures in accordance with, or required by, the disclosure requirements applicable to Lehman Equity Entity or its affiliates due to LBHI's status as a publicly-held company listed on the New York Stock Exchange or any other securities exchange (an "Exchange") (including, but not limited to, disclosure in accordance with, or required by, the rules of, or any listing agreement with, an Exchange).

- Investment Banking Fee: If the Transaction is consummated, Lehman shall be entitled to receive from the Joint Venture an investment banking fee of fifteen (15) basis points of the consideration payable for the Acquired Interests, which fee shall be part of the capitalized cost of the Transaction.

- No Liability: None of the direct or indirect, disclosed or undisclosed officers, directors, employees, trustees, shareholders, partners, principals, parents, subsidiaries or any other affiliates of any of TS, Lehman Equity Entity or Bridge Equity Provider shall be liable in any manner pursuant to this Term Sheet or the transactions contemplated hereby, except to the extent (if any) set forth in any written agreement executed by any such party.

- Non-binding: Except for the confidentiality provisions set forth herein and except for the obligations contained in the sections entitled "Deposit/Guarantees/Break Up Fees" and "Closing Expenses", this term sheet is not binding and will not give rise to any right or obligation based on any legal or equitable theory (including any right to continue negotiations), it being intended that only a formal written agreement, if executed and delivered by TS and Lehman Equity Entity will bind the parties as to any matter which is the subject of this term sheet.

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AGREED AND ACCEPTED THIS __ DAY OF MAY, 2007:

TISHMAN SPEYER DEVELOPMENT CORP.

Michael B. Benner
Name: Michael B. Benner
Title Vice President & Secretary

REAL ESTATE PRIVATE EQUITY INC.

Name:
Title

SIGNATURE PAGE TO SPONSOR EQUITY TERM SHEET

AGREED AND ACCEPTED THIS __ DAY OF MAY, 2007:

TISHMAN SPEYER DEVELOPMENT CORP.

____
Name:
Title

REAL ESTATE PRIVATE EQUITY INC.

____
Name: RODOLPHO ANBOH
Title AUTHORIZED SIGNATORY

SIGNATURE PAGE TO SPONSOR EQUITY TERM SHEET

