

Archstone Sensitivity Analysis -- 08-22-08

1) Old Base		09/30/07	09/30/08	09/30/09	09/30/10	09/30/11	09/30/12	09/30/13	09/30/14
IRR	11.11%	(2,142,020,000)	-	-	-	-	-	58,972,153	4,413,123,866
2) New Base			12/31/08	09/30/09	09/30/10	09/30/11	09/30/12	09/30/13	09/30/14
IRR	13.69%		(2,142,020,000)	-	-	-	-	58,972,153	4,413,123,866
3) Failed Syndication			12/31/08	09/30/09	09/30/10	09/30/11	09/30/12	09/30/13	09/30/14
IRR	15.44%		(2,142,020,000)	-	-	-	-	150,087,536	4,718,191,027
4) Basis at 2Q08			12/31/08	09/30/09	09/30/10	09/30/11	09/30/12	09/30/13	09/30/14
IRR	21.82%		(1,575,000,000)	-	-	-	-	150,087,536	4,718,191,027
Discount	\$567,020,000								

Net Investor IRR Sensitivity		EXIT CAP (Base Case = 4.82%)				
		0.00%	0.25%	0.50%	0.75%	1.00%
RENT GROWTH	-	21.82%	20.14%	18.52%	16.90%	15.25%
(Base Case = 5.62%)	(0.25%)	21.04%	19.29%	17.59%	15.95%	14.27%
	(0.50%)	20.15%	18.43%	16.71%	14.97%	13.26%

5) Basis at 3Q08 (1)		12/31/08	09/30/09	09/30/10	09/30/11	09/30/12	09/30/13	09/30/14
IRR	15.59%	(1,434,724,745)	-	-	-	-	32,601,638	3,262,571,450
Discount	\$707,295,255							

Markdown Summary

(\$ in millions)

Bridge Equity	\$665.49
Debt	41.80
Total applied to ASN LP Equity	\$707.30
LBREPE	61.00
Total Global ASN Mark	\$768.30
Lehman funded bridge equity basis	\$2,142.02
Total applied to ASN LP Equity	(707.30)
Bridge Equity Carrying Value (for IRR calc)	\$1,434.72

(1) Underlying Assumptions (Drivers of cash flows illustrated in Item #5 above)

	CAGR
Rent Growth	4.90%
Exit Cap Rate	5.57%
-All executed asset sales, assets under contract, and assets in negotiation with price visibility are marked to the sales/contract/negotiated price	
-Monetization of platform for \$2bn at exit	
-Future Development: Merchant build to 150bps yield spread; begin 2,500 units in 2009 and 3,500 units/yr thereafter	
-Failed Syndication Provisions:	
No promote or asset management fees to GP	
Assumes LP equity is syndicated on 12/31/08 at carrying value of \$1.435mm (inclusive of \$665mm of equity marks and \$41.8mm of debt marks to date)	
-Debt Flex	
Term Loan A repaid at par with asset sales proceeds	
Term Loan B syndicated at 90	
Revolver syndicated at 90	
Asset level mezzanine debt sold at 450bps spreads	