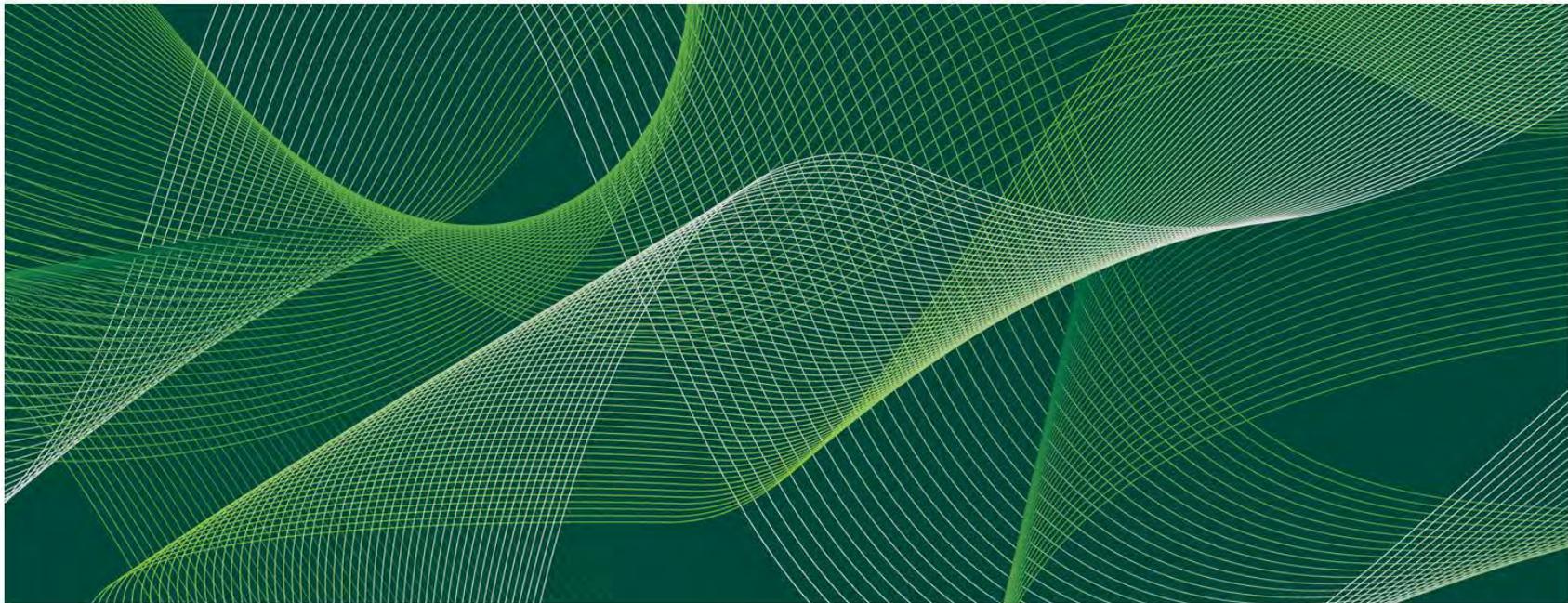


Archstone August 2008 Update



Confidential Presentation

Valuation Overview

Archstone is a ~\$22bn enterprise that encompasses several discrete components of value

Purchase Price Allocation

Component of Value	ADJUSTED PP (Less \$1.0b PV)			Green Street Platform Value	ADJUSTED PP (Less \$2.37 bn PV)		
	Value (at % share)	Per Unit	2008 Cap Rate	Value (at % share)	Value (at % share)	Per Unit	2008 Cap Rate
Wholly-Owned Core Portfolio	\$17,273,515,776	\$327,621	4.06%	\$17,273,515,776	\$15,901,515,776	\$301,599	4.41%
Joint Ventures	1,179,568,176			1,179,568,176	1,179,568,176		
Mezz Notes, Ground Leases & Other	569,980,920			569,980,920	569,980,920		
Development	1,445,414,788			1,445,414,788	1,445,414,788		
Cash, Reserves, and NWC	623,142,570			623,142,570	623,142,570		
Platform Value	1,000,000,000			2,372,000,000	2,372,000,000		
Total Purchase Price	\$22,091,622,230			\$23,463,622,230	\$22,091,622,230		

Core

- ◆ The acquisition basis of the 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
 - Observable replacement value due to ASN’s large in-process development pipeline
 - Great Physical Assets: Achieved the highest grade for physical asset quality [Green Street Advisors, May 17, 2007]

Development Platform

- ◆ Archstone operates an integrated development platform with over 100 dedicated development professionals
 - The Company controls a robust pipeline of ~15,000 planned units with a total expected investment of over \$5.1bn
 - Significant embedded value exists in fully entitled projects in supply constrained submarkets

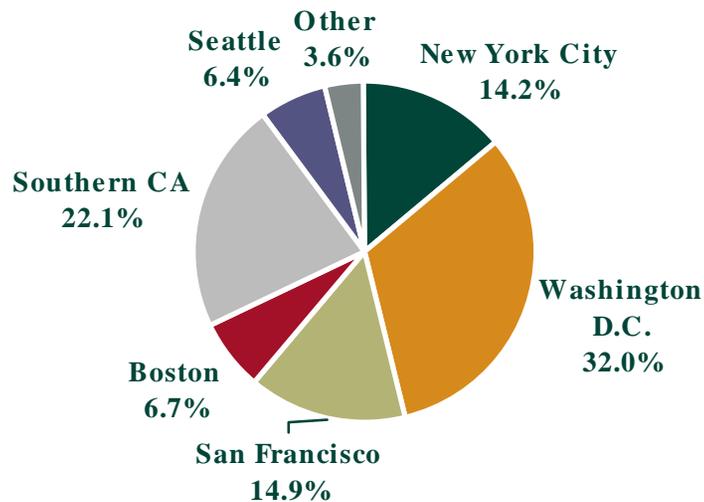
Asset Management Platform

- ◆ Archstone has a greater value of assets under management than any public multifamily REIT - \$4.8bn

Operating Portfolio Overview

The core operating portfolio is comprised of high-quality properties positioned in the most attractive real estate markets

U.S. NOI Distribution⁽¹⁾



1. Archstone pro rata share of budgeted 2008 Net Operating Income.
 2. Occupancy figure as of 06/30/08.

Asset Characteristics

- ◆ A portfolio of highly attractive assets
 - ASN’s high-barrier coastal market focus has produced the highest cumulative NOI growth of any multifamily REIT over the last 7 years
 - More than 96% of core NOI is derived from assets located in high barrier-to-entry coastal markets⁽¹⁾
 - Concentrated in prime submarkets within each market
 - Class A assets with many unique high-rise properties

- ◆ Attractive fundamentals
 - Purchase price of \$328K per unit significant discount to the estimated replacement cost of \$390K per unit
 - 94.0% Occupancy rate across total portfolio⁽²⁾
 - FY07 vs. FY06 same store revenue growth of 5.1%
 - 1Q08 vs. 1Q07 same store revenue growth of 5.1% (vs. EQR at 3.5%)
 - 2008 NOI 1.4% ahead of budget through April

- ◆ Robust Development Platform
 - FY08 revenue contribution expected from projects comprising more than 5,000 units that delivered units in 2007 or are anticipated to begin delivery in 2008
 - Best-in-class development/management partner

Platform Value

ASN has a greater value of assets under management than any public multifamily REIT

Components of Platform Value

- ◆ Significant value is embedded in the operating businesses of the enterprise
 - Asset management businesses
 - Annuitized fee streams
 - Promoted share of upside upon sale or recapitalization
 - Merchant-build development model
 - Recurring profits akin to a manufacturing business
 - Development and project management fees
 - Promoted share of upside upon sale or recapitalization

Platform Value Overview

- ◆ An independent research firm estimated ASN's platform value at \$2.4bn, the most valuable platform of any public apartment REIT [Green Street Advisors, June 14, 2007]

Company	Components of Platform Value		Total
	Development	Asset Management	
Archstone	\$1,800,000	\$572,000	\$2,372,000
AvalonBay Communities	1,600,000	347,000	1,947,000
Equity Residential	360,000	528,000	888,000
BRE Properties	240,000	155,000	395,000
Post Properties	180,000	66,000	246,000
Essex Properties	90,000	142,000	232,000

Asset Management: Comparable Company Analysis

- ◆ Archstone has built an asset management platform significantly more robust than any of its public REIT peers
 - Since acquisition, ASN has aggressively grown and diversified its asset management businesses
 - Irvine Joint Venture (\$1.5bn), Germany Fund (\$1.0bn), Mezzanine Fund (\$350mm)

Company	REIT Joint Ventures			
	W.A. Ownership	Total Projects	Total Units	Total Capital Investment
AvalonBay Communities (1)	17.4%	24	5,276	\$1,104,608
Equity Residential (2)	25.0%	44	10,446	NA
BRE Properties	NA	13	4,080	NA
Post Properties (3)	29.7%	6	1,884	361,038
Essex Properties (4)	28.2%	15	2,965	526,602
Archstone	Varies	49	16,921	\$4,775,835

1. Includes the 20 properties in the AvalonBay Value Added Fund, three operating properties and one development asset.

2. Weighted average ownership is implied based on EQR's share of unconsolidated debt.

3. Includes five apartment assets and one condominium project that is currently under development and will be completed in 2009.

4. Total units and total capital investment do not include one development asset that is in the preliminary stages of construction.

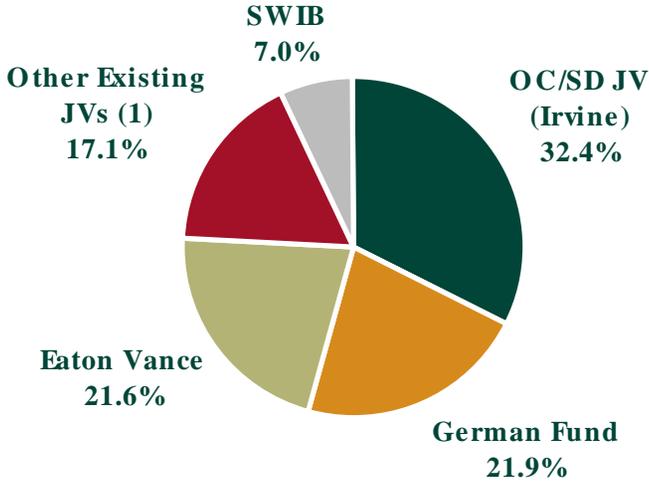
Asset Management Platform

Archstone has capitalized a diverse group of asset management vehicles with a roster of globally recognized institutional investors

Existing Value of Assets Under Management

(\$ in millions)

	Existing AUM	
	\$	%
OC/SD JV (Irvine)	\$1,546	32.4%
German Fund	1,045	21.9%
Eaton Vance	1,032	21.6%
Other Existing JVs (1)	819	17.2%
SWIB	334	7.0%
Total Value of AUM	\$4,776	100.0%



Asset Management Detail

- ◆ OC/SD Irvine JV (16 assets / \$1.5 billion Gross Value)
 - 90% / 10% JV formed concurrently with Merger
 - Investments in Orange County and San Diego
- ◆ German Portfolio (10,243 Units / \$1.0 billion Gross Value)
 - Comingled institutional equity fund, established May 2007 with ASN target ownership of 15%
 - Primarily located in former West Germany and Berlin
- ◆ Eaton Vance JV (23 Assets / \$1.0 billion Gross Value)
 - 75% / 25% JV formed in 2006 to invest primarily in southeastern markets
- ◆ Other Core JV's (4 Assets / \$819 million Gross Value)
 - Consists of four single property joint ventures in New York, San Diego, and Virginia
- ◆ SWIB JV (6 Assets / \$334 million Gross Value)
 - 80% / 20% Joint Venture with investments in Florida, Texas and Orange County, California

Asset Management Platform

Archstone continues to enhance its return profile by growing fee and promote based asset management businesses

Asset Management Platform

- ◆ Existing asset management businesses will generate an ongoing fee stream of approximately \$13.2mm/yr
- ◆ A promoted share of the upside in these deals is typically retained by Archstone
- ◆ Archstone is aggressively seeking to grow fee generating opportunities
 - A major institutional investor is currently in advanced negotiations around forming a mezzanine debt fund

Asset Management Fee Overview

	Property Management (1)		Asset Management		Total
	% of GPR	\$	% Fee	\$	Fees
OC/SD JV (Irvine)	2.75%	\$1,073,546	0.35% on LP Equity	\$1,521,450	\$2,594,996
German Fund (2)	-	-	0.60% on GAV	6,980,373	6,980,373
Eaton Vance	4.00%	1,513,965	-	-	1,513,965
Other Existing JVs	2.50% - 3.50%	500,141	-	-	500,141
SWIB	4.00%	518,560	7.25% on NOI	1,090,588	1,609,149
Subtotal Fees-in-Place		\$3,606,212		\$9,592,411	\$13,198,623
Mezzanine Fund (3)		1.00% origination fee + 0.50% servicing fee		\$2,125,000	\$2,125,000
Total Incl. Mezzanine Platform		\$3,606,212		\$11,717,411	\$15,323,623

1. Property management fees shown are net of a corporate G&A allocation of \$300/unit per year.

2. German Fund asset management fees are offset by approximately \$4.3mm of net annual G&A, resulting in net asset management fees of \$2.3mm/yr.

3. Mezzanine Fund fees assume stabilized run-rate of fully invested series of funds; FY08 fees estimated to be \$562k.

Development Platform

Archstone has assembled an impressive \$5.1bn development pipeline in the nation's strongest markets

Pipeline by Market

Metro Area / Region	Units	Total Expected Investment	% of Total
Washington, D.C.	4,819	\$2,337,342	45.5%
Southern California	2,359	930,788	18.1%
Texas, SE & Other	5,111	877,840	17.1%
Boston	1,428	696,383	13.6%
San Francisco	592	272,555	5.3%
New York	-	20,964	0.4%
Total	14,309	\$5,135,871	100.0%

Pipeline by Stage of Completion

Development Stage	Units	Total Expected Investment	Total
Under Construction	4,382	\$1,351,290	26.3%
In Planning	8,608	3,241,840	63.1%
Land Owned	-	177,437	3.5%
Redevelopment	721	272,505	5.3%
JV Equity	598	92,800	1.8%
Total	14,309	\$5,135,871	100.0%

Comparable Company Analysis

(\$ in thousands)

Company	Development Units			Capital Cost			Green Street Advisors Estimates (1)	
	Under Construction	Planning/ Pipeline	Total	Under Construction	Planning/ Pipeline	Total	Estimated Nominal Yield	Dev. Pipeline as % of Oper. R.E.
AvalonBay Communities	7,016	13,266	20,282	\$2,209.7	\$3,914.0	\$6,123.7	6.1%	17%
Equity Residential (2) (3)	4,484	NA	4,484	1,703.5	368.5	2,072.0	6.7%	8%
BRE Properties	1,097	2,751	3,848	366.9	1,030.3	1,397.2	5.9%	7%
Post Properties (4)	2,116	3,311	5,427	358.7	760.0	1,118.7	6.3%	16%
Essex Properties (5)	1,658	1,452	3,110	615.3	342.9	958.2	6.3%	10%
Total Comps - Mean	3,274	5,195	7,430	\$1,050.8	\$1,283.1	\$2,334.0	6.3%	12%
Total Comps - Median	2,116	3,031	4,484	\$615.3	\$760.0	\$1,397.2	6.3%	10%
Archstone (6)	4,382	9,927	14,309	\$1,351.3	\$3,784.6	\$5,135.9	6.5%	8%

1. Source: Company filings.

2. Source: SNL Financial.

3. Mid-point of company's guidance.

4. Archstone unit count represents current core operating units at pro rata share

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Asset Sale Program

Archstone has executed \$2.7bn of asset sales to date at a weighted average 4.40% cap rate, and an additional \$2.7bn of assets are under contract or in negotiation at a weighted average cap rate of 4.16%.

Executed Sales, Assets Under Contract and Deals in Negotiation

Property	Total Units	% Owned	2008 Budget NOI (at % share)	PRO RATA PLATFORM BASIS			SALES PRICE		
				Value (at % share)	Per Unit	2008 Cap Rate	Value (at % share)	Per Unit	2008 Cap Rate
Assets Sold to Date	11,233		\$116,340,580	\$2,704,136,226	\$243,993	4.34%	\$2,667,721,186	\$241,223	4.40%
Assets Under Contract	1,903	100%	\$18,419,397	\$442,389,443	\$204,356	4.74%	\$404,465,900	\$184,288	5.25%
Deals in Negotiation									
ASN Walnut Creek Portfolio	976	100%	9,488,023	232,336,547	238,050	4.08%	210,000,000	215,164	4.52%
Crystal City Portfolio	2,491	100%	32,279,962	808,843,413	316,677	4.09%	680,000,000	268,894	4.82%
New York City Portfolio (1)	1,795	100%	58,846,688	1,568,841,844	874,007	2.85%	1,275,000,000	710,306	3.54%
Others	1,066	82%	7,533,605	167,263,183	192,376	4.50%	152,300,000	175,167	4.95%
Deals in Negotiation	6,328		\$108,148,278	\$2,777,284,986	\$435,728	3.32%	\$2,317,300,000	\$364,588	4.02%
Under Contract & In Negotiation	8,231		\$126,567,675	\$3,219,674,429	\$382,235	3.48%	\$2,721,765,900	\$322,903	4.16%
Sold, Under Contract & In Negotiation	19,464		\$242,908,256	\$5,923,810,655	\$302,453	3.84%	\$5,389,487,086	\$275,764	4.27%

1. NYC portfolio sale metrics include the present value of 421(a) tax abatements at a 10% discount rate.

Anticipated Net Paydowns

A combination of asset sales and financings are anticipated to produce \$1.4bn of net proceeds to the bank group (\$658mm at Lehman share)

Anticipated Net Paydowns

(All amounts shown as gross ASN balance sheet amounts except italicized *Lehman Share* amounts)

Source	Sale / Financing Amount	Paydown to:						Total to Banks	Lehman Share
		Mortgage (110%)	Mezz (110%)	Ground Lease	Development	Term Loan A (1)	Revolver (1)		
ASN Balance as of 11/27/07		\$10,371,618,160	\$1,069,170,994	76,000,000	\$500,000,000	\$1,750,000,000	\$0	\$3,395,170,994	\$1,585,126,311
Paydowns / (Draws) to Date		\$92,344,305	\$92,566,188	\$59,829,021	\$310,233,004	\$735,228,930	(\$266,400,000)	\$931,457,145	\$431,866,411
ASN Balance as of 08/15/08		\$10,279,273,855	\$976,604,806	\$16,170,979	\$189,766,996	\$1,014,771,070	\$266,400,000	\$2,463,713,850	\$1,153,259,900
Asset Sale Pipeline									
Under Contract	\$404,465,900	\$180,238,113	\$9,138,838	\$0	\$18,715,000	\$95,153,480	\$95,153,480	\$218,160,799	\$102,058,199
In Negotiation	2,317,300,000	1,274,449,667	115,728,061	-	-	356,731,386	356,731,386	829,190,833	387,963,422
Subtotal Asset Sales	\$2,721,765,900	\$1,454,687,780	\$124,866,899	\$0	\$18,715,000	\$451,884,866	\$451,884,866	\$1,047,351,632	\$490,021,621
Financing Pipeline									
NYC / Fannie 2nds	\$178,900,000	-	-	-	-	\$89,450,000	\$89,450,000	\$178,900,000	\$83,556,823
Northpoint I	134,000,000	-	-	-	-	134,000,000	-	134,000,000	61,795,590
Misc. Land Loans	48,194,679	-	-	-	48,194,679	-	-	48,194,679	22,793,988
Subtotal Financings	\$361,094,679	\$0	\$0	\$0	48,194,679	\$223,450,000	\$89,450,000	\$361,094,679	\$168,146,401
Subtotal - Pipeline	\$3,082,860,579	\$1,454,687,780	\$124,866,899	\$0	\$66,909,679	\$675,334,866	\$541,334,866	\$1,408,446,311	\$658,168,022
Projected ASN Balance - Year End 2008			\$851,737,907	\$16,170,979	\$122,857,317	\$339,436,203	(\$274,934,866)	\$1,055,267,539	\$495,091,878
<i>Lehman Share</i>			<i>\$402,834,998</i>	<i>\$7,648,170</i>	<i>\$58,106,169</i>	<i>\$156,534,780</i>	<i>(\$130,032,238)</i>		

1. Anticipated paydowns from asset sales reflect 50/50 paydowns to TLA / Revolver, which may be modified pending liquidity needs based on success and timing of asset sales.

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Unlevered Operating Cash Flow

Unlevered Operating Cash Flow

(\$ in thousands)

YEAR END	09/30/08	09/30/09	09/30/10	09/30/11	09/30/12	09/30/13	09/30/14
Core U.S. Portfolio - Beginning Units (1)	54,537	43,881	43,881	40,155	36,130	35,866	35,866
Core U.S. Portfolio - Ending Units (1)	43,881	43,881	40,155	36,130	35,866	35,866	-
Core Portfolio Revenues	\$1,028,697	\$858,326	\$911,411	\$898,920	\$845,666	\$885,598	\$936,142
Core Portfolio Expenses	(383,799)	(314,961)	(326,991)	(311,958)	(285,921)	(291,004)	(299,869)
Core Portfolio NOI	644,898	543,365	584,419	586,962	559,745	594,594	636,272
Development Property Revenues	10,256	44,083	51,210	119,340	109,430	102,271	92,538
Development Property Operating Expenses	(3,212)	(13,866)	(16,705)	(38,877)	(34,425)	(31,388)	(27,761)
Development NOI	7,044	30,217	34,505	80,463	75,004	70,883	64,776
Oakwood Revenues	77,922	80,260	82,667	85,147	100,946	91,467	168,126
Oakwood Expenses	(21,217)	(23,717)	(24,327)	(24,918)	(29,308)	(46,821)	(49,926)
Oakwood NOI	56,705	56,543	58,341	60,229	71,638	44,647	118,200
JV / Platform Businesses: Operating Income	43,605	36,121	43,337	53,141	66,231	77,082	88,799
JV / Platform Businesses: Asset Mgmt. Fees	11,716	20,691	26,584	33,633	41,017	48,784	51,067
JV / Platform Businesses: Acquisition Fees	4,732	8,913	11,606	11,814	12,013	12,254	-
Joint Venture Operating Income (2)	60,053	65,725	81,528	98,588	119,261	138,121	139,866
Total Net Operating Income	\$768,700	\$695,850	\$758,793	\$826,242	\$825,648	\$848,244	\$959,115
Corporate G&A & Other	(84,272)	(86,147)	(83,900)	(87,857)	(91,805)	(95,423)	(98,188)
EBITDA	\$684,427	\$609,703	\$674,893	\$738,386	\$733,843	\$752,822	\$860,927
Capex: Recurring	(41,199)	(33,233)	(33,123)	(30,233)	(27,165)	(26,933)	(26,899)
Capex: ADA Upgrades	(11,485)	(6,549)	-	-	-	-	-
Capex: Capital Improvements	(129,162)	(57,319)	(28,296)	(31,591)	(25,558)	(18,190)	(16,310)
Capex: Oakwood	(4,757)	(370)	(370)	(370)	(7,243)	(33,407)	(370)
Total Capex	(186,602)	(97,471)	(61,789)	(62,194)	(59,966)	(78,530)	(43,579)
EBITDA less Capex	\$497,825	\$512,232	\$613,104	\$676,192	\$673,877	\$674,292	\$817,348
Asset Management Reimbursables	(1,000)	(1,030)	(1,061)	(1,093)	(1,126)	(1,159)	(1,194)
Unlevered Operating Cash Flow	\$496,825	\$511,202	\$612,044	\$675,099	\$672,752	\$673,133	\$816,154

1. Pro rata share of owned units

2. Joint Venture Operating Income includes the OC/SD JV, future joint ventures, ground leases, and the mezzanine lending platform.

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Free Cash Flow

Free Cash Flow

(\$ in thousands)

YEAR END	09/30/08	09/30/09	09/30/10	09/30/11	09/30/12	09/30/13	09/30/14
Core U.S. Portfolio - Beginning Units (1)	54,537	43,881	43,881	40,155	36,130	35,866	35,866
Core U.S. Portfolio - Ending Units (1)	43,881	43,881	40,155	36,130	35,866	35,866	-
Unlevered Operating Cash Flow	\$496,825	\$511,202	\$612,044	\$675,099	\$672,752	\$673,133	\$816,154
Debt Service							
Total Debt Service	(974,982)	(780,068)	(816,676)	(819,687)	(750,130)	(680,254)	(670,388)
Interest Rate Hedges	(77,477)	(120,442)	(89,398)	(15,227)	(8,038)	(3,330)	(3,330)
Preferred Equity Dividends	-	-	(44,000)	-	-	(78,552)	(18,681)
Prepaid Stub Interest & Other Reserve Drawdown	67,389	-	-	-	-	-	-
Interest Reserve Drawdown	220,730	143,601	126,858	33,812	-	-	-
Interest Reserve & Reinvestment Reserve Income	11,916	16,764	9,925	2,050	6,896	-	-
Revolver Drawdown	255,599	228,943	157,248	123,953	78,521	10,451	-
Net Levered Cash Flow	\$0	\$0	(\$44,000)	\$0	\$0	(\$78,552)	\$123,755
Asset Sales	4,313,255	999,711	1,520,850	3,852,565	2,456,755	2,388,344	26,611,576
Investments & Acquisitions	(660,523)	(1,241,918)	(2,029,743)	(2,190,411)	(2,077,985)	(2,120,272)	(1,929,730)
Debt Proceeds / (Repayments)	(1,252,873)	563,868	616,785	(437,736)	322,103	233,975	(12,537,217)
Fund Reinvestment Reserve	(716,478)	(60,723)	(80,319)	(337,545)	-	-	-
Drawdown Reinvestment Reserve	-	257,670	494,530	80,319	337,545	-	-
CF Available for Credit Facility Repayment	\$1,683,381	\$518,608	\$478,103	\$967,192	\$1,038,417	\$423,495	\$12,268,384
Financing Proceeds / (Repayments)							
Term Loan A	(1,750,000)	-	-	-	-	-	-
Term Loan B	322,218	(289,666)	(320,855)	(843,239)	(1,882,459)	-	-
Term Loan Refinancing	-	-	-	-	844,050	-	(844,050)
Revolver	(255,599)	(228,943)	(157,248)	(123,953)	(7)	(88,965)	-
Preferred	-	-	-	-	-	-	(292,023)
Total Financing Proceeds / (Repayments)	(1,683,381)	(518,608)	(478,103)	(967,192)	(1,038,417)	(88,965)	(1,136,073)
Free Cash Flow	\$0	\$0	\$0	\$0	\$0	\$334,531	\$11,132,311

I. Pro rata share of owned units

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