

Archstone
Risk Analysis

Outstanding Face	Mark	Outstanding Basis	Base Case @ CLOSING			Base Case @ REDEMPTION ⁽¹⁾			Failed Syndication Remedies ⁽²⁾			03/31/08 Mark			TOTAL				
			Projected IRR	+25bps Exit Cap	+50bps Exit Cap	Projected IRR	Incremental IRR	Implied \$Discount ⁽³⁾	Projected IRR	Incremental IRR	Implied \$Discount ⁽³⁾	Projected IRR	Incremental IRR	Implied \$Discount ⁽³⁾	Projected IRR	Incremental IRR	Implied \$Discount ⁽³⁾	+25bps Exit Cap	+50bps Exit Cap
\$2,142,020,000	79.64%	\$1,705,893,825	11.25%	10.43%	9.65%	13.87%	262 bps	(\$320,854,631)	12.64%	139 bps	(\$177,427,482)	15.37%	413 bps	(\$479,535,110)	20.95%	970 bps	(\$945,012,420)	19.72%	18.55%

(1) No MTM, sponsor economics are included, assumes bridge equity is syndicated 15 months post-close.
(2) Eliminate asset mgmt fee and promote, unless noted otherwise.

\$436,126,175

Archstone
Risk Sensitivity

Net Investor IRR									
	18.01%			19.00%			20.00%		
	Base Case								
T=7 Exit Cap	+ 0.50%	+ 0.75%	+ 1.00%	+ 0.50%	+ 0.75%	+ 1.00%	+ 0.50%	+ 0.75%	+ 1.00%
RENT CAGR	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%
% Mark	79.64%	75.51%	71.49%	76.00%	72.00%	68.20%	72.50%	68.70%	65.00%
T=0 Mark	(\$436,126,175)	(\$524,580,698)	(\$610,689,902)	(\$514,084,800)	(\$599,765,600)	(\$681,162,360)	(\$589,055,500)	(\$670,452,260)	(\$749,707,000)

Net Investor IRR									
	18.01%			19.00%			20.00%		
	Base Case								
RENT CAGR	5.62%	4.62%	3.62%	5.62%	4.62%	3.62%	5.62%	4.62%	3.62%
T=7 Exit Cap	+ 0.50%	+ 0.50%	+ 0.50%	+ 0.50%	+ 0.50%	+ 0.50%	+ 0.50%	+ 0.50%	+ 0.50%
% Mark	79.64%	67.70%	56.05%	76.00%	64.50%	53.42%	72.50%	61.55%	50.91%
T=0 Mark	(\$436,126,175)	(\$691,872,460)	(\$941,417,790)	(\$514,084,800)	(\$760,417,100)	(\$997,752,916)	(\$589,055,500)	(\$823,606,690)	(\$1,051,517,618)

Mark	72.50%								
50 bps exit flex	20.00%	(\$1,552,964,500)	432,604	445,582	458,950	91,050,993	226,977,007	4,024,105,475	
	\$ Discount	\$589,055,500							
Mark	68.70%		12/31/08	09/30/09	09/30/10	09/30/11	09/30/12	09/30/13	09/30/14
75 bps exit flex	20.00%	(\$1,471,567,740)	432,604	445,582	458,950	91,050,993	226,977,007	3,791,657,095	
	\$ Discount	\$670,452,260							
Mark	65.00%								
100 bps exit flex	20.01%	(\$1,392,313,000)	432,604	445,582	458,950	91,050,993	226,977,007	3,568,802,306	
	\$ Discount	\$749,707,000							
Mark	76.00%								
5.65% CAGR	19.00%	(\$1,627,935,200)	432,604	445,582	458,950	91,050,993	226,977,007	4,024,105,475	
	\$ Discount	\$514,084,800							
Mark	61.55%		12/31/08	09/30/09	09/30/10	09/30/11	09/30/12	09/30/13	09/30/14
4.65% CAGR	20.00%	(\$1,318,413,310)	432,604	445,582	458,950	472,718	141,009,019	3,589,287,605	
	\$ Discount	\$823,606,690							
Mark	50.91%								
3.65 CAGR	20.00%	(\$1,090,502,382)	432,604	445,582	458,950	472,718	97,767,123	2,991,462,323	
	\$ Discount	\$1,051,517,618							

			12/31/08	09/30/09	09/30/10	09/30/11	09/30/12	09/30/13	09/30/14	
EXIT CAP	0	15 mos	20.40%	(\$1,705,893,825)	432,604	445,582	458,950	91,050,993	226,977,007	4,552,791,791
		12 mos	19.45%							
		0	16.40%							
	25	15 mos	19.20%	(\$1,705,893,825)	432,604	445,582	458,950	91,050,993	226,977,007	4,280,099,798
		12 mos	18.30%							
		0	15.45%							
	50	15 mos	18.01%	(\$1,705,893,825)	432,604	445,582	458,950	91,050,993	226,977,007	4,024,105,475
		12 mos	17.18%							
		0	14.50%							
	75	15 mos	16.88%	(\$1,705,893,825)	432,604	445,582	458,950	91,050,993	226,977,007	3,791,657,095
		12 mos	16.10%							
		0	13.61%							
100	15 mos	15.75%	(\$1,705,893,825)	432,604	445,582	458,950	91,050,993	226,977,007	3,568,802,306	
	12 mos	15.03%								
	0	12.70%								
RENT CAGR	0	15 mos	20.40%	(\$1,705,893,825)	432,604	445,582	458,950	91,050,993	226,977,007	4,552,791,791
		12 mos	19.45%							
		0	16.40%							
	25	15 mos	19.55%	(\$1,705,893,825)	432,604	445,582	458,950	472,718	220,542,611	4,496,769,184
		12 mos	18.65%							
		0	15.76%							
	50	15 mos	18.78%	(\$1,705,893,825)	432,604	445,582	458,950	472,718	158,232,241	4,399,334,541
		12 mos	17.92%							
		0	15.16%							
	75	15 mos	18.00%	(\$1,705,893,825)	432,604	445,582	458,950	472,718	151,114,088	4,237,823,576
		12 mos	17.18%							
		0	14.53%							
100	15 mos	17.14%	(\$1,705,893,825)	432,604	445,582	458,950	472,718	140,644,197	4,069,428,499	
	12 mos	16.36%								

Exit Cap

Exit Cap Rate			Net Investor IRR if Equity Syndicated at:		
Base Case	Flex	Stressed	09/30/07	09/30/08	12/31/08
4.89%	+ 0.00%	= 4.89%	16.40%	19.45%	20.40%
4.89%	+ 0.25%	= 5.14%	15.45%	18.30%	19.20%
4.89%	+ 0.50%	= 5.39%	14.50%	17.18%	18.01%
4.89%	+ 0.75%	= 5.64%	13.61%	16.10%	16.88%
4.89%	+ 1.00%	= 5.89%	12.70%	15.03%	15.75%

Rent CAGR

Rent CAGR			Net Investor IRR if Equity Syndicated at:		
Base Case	Flex	Stressed	09/30/07	09/30/08	12/31/08
5.62%	- 0.00%	= 5.62%	16.40%	19.45%	20.40%
5.62%	- 0.25%	= 5.37%	15.76%	18.65%	19.55%
5.62%	- 0.50%	= 5.12%	15.16%	17.92%	18.78%
5.62%	- 0.75%	= 4.87%	14.53%	17.18%	18.00%
5.62%	- 1.00%	= 4.62%	13.85%	16.36%	17.14%