

TERM SHEET (BRIDGE EQUITY)

PROJECT EASY LIVING

Lehman Brothers Holdings Inc. or an affiliate ("Lehman") and Banc of America Strategic Ventures, Inc. or an affiliate ("BofA") and together with Lehman, collectively "Bridge Equity Provider") will form a joint venture (the "Joint Venture") with a joint venture ("Sponsor") to be formed between Real Estate Private Equity Inc. or an affiliate ("LB Equity") and Tishman Speyer Development Corp. or an affiliate ("TS") that 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 Sponsor's and Bridge Equity Provider's Bridge Equity Commitment are subject to the general provisions detailed herein and to the execution of a definitive agreement between Sponsor and Bridge Equity Provider (the "Joint Venture Agreement").

- **Total Initial Joint Venture Capitalization:** Total initial capitalization of the Joint Venture shall be approximately \$21,800,000,000. The Initial Joint Venture Capitalization is based upon purchasing the Acquired Interests for \$20,850,000,000 (excluding closing costs) with leverage as provided below in "Debt Financing" (subject to Bridge Equity Provider's right to provide Junior Mezz Debt as provided below). The equity portion of the Initial Joint Venture Capitalization is referred to herein as the "Initial Equity Requirement".
- **Initial Joint Venture Equity Commitments:**
 - Sponsor: \$500,000,000; and
 - Bridge Equity Provider Bridge Equity: \$4,600,000,000 (subject to Bridge Equity Provider's right to provide Junior Mezz Debt as provided below). The Bridge Equity shall be provided on a 50:50 basis by Lehman and BofA, provided, however, that the Bridge Equity Providers may agree among themselves to assign to the other all or a portion of such Bridge Equity Provider's Joint Venture Bridge Equity Commitment; provided that Lehman shall at all times hold at least ten percent (10%) of the unsold Bridge Equity (which for this purpose shall be computed on an aggregate basis including any Junior Mezz Debt) and notwithstanding any such transfers Sponsor shall only be required to deal with Lehman with respect to the Bridge Equity Commitment.
- **Convertible Junior Mezz:** Bridge Equity Provider may at its option provide a portion of its Initial Joint Venture Equity Commitment as junior mezzanine debt (the "Junior Mezz Debt"), instead of as Bridge Equity, which Junior Mezz Debt shall be non-foreclosable and shall be convertible into equity of the Joint Venture at any time and otherwise on terms (including leverage) agreed upon by Bridge Equity Provider and Sponsor and set forth in a separate term sheet between Bridge Equity Provider and Sponsor, attached hereto as Exhibit C. In such event total leverage may increase to up to 90%. If so converted, the converted equity will be deemed a part of the Bridge Equity effective retroactively to the Closing. The Junior Mezz Debt will be syndicated as equity

interests in the Joint Venture on the same terms and conditions (including those which apply after a Failed Syndication) as the remainder of the Bridge Equity. Notwithstanding the foregoing or anything to the contrary contained herein, the holder of the Junior Mezz Debt shall share in any risk of loss pari passu with Bridge Equity Provider, LB Equity, TS and any Syndication Investor in the same manner as if the Junior Mezz Debt were equity. TS acknowledges that Bridge Equity Provider, LB Equity and the holder of the Junior Mezz Debt may enter into any subordination or other agreement with respect to allocating the risk of loss among the holder of the Junior Mezz Debt, Bridge Equity Provider and LB Equity as such parties deem appropriate. The Junior Mezz Debt shall have the same economic terms as the Bridge Equity.

- Notwithstanding anything contained herein to the contrary, in no event shall the liability of Bridge Equity Provider hereunder exceed the amount of Bridge Equity Provider's Bridge Equity Commitment (referred to as the "Liability Limitation").
- Deposit/Guarantee/Break Up Fee: Any deposit or guarantee required to be posted under the Merger Agreement shall be posted one-half (1/2) by Sponsor (one-quarter (1/4) by each of TS and LB Equity) and one-half (1/2) by Bridge Equity Provider up to a maximum liability of \$1,000,000,000 and anything above \$1,000,000,000 shall be posted solely by Bridge Equity Provider. Any break up fees or other amounts received pursuant to the Merger Agreement shall be shared 50% by Bridge Equity Provider and 50% by Sponsor (one-half by each of TS and LB Equity).
- Bridge Commitment Fee: Except as otherwise provided below in this paragraph, four percent (4%) of Bridge Equity Provider's Bridge Equity Commitment, payable to Bridge Equity Provider at closing. The Bridge Commitment Fee shall be paid by the Joint Venture as part of the capitalized cost of the Transaction. Except as otherwise provided below in this paragraph, if the Transaction is consummated, but Bridge Equity Provider's Bridge Equity Commitment is not funded in whole or in part for any reason (including by reason of Sponsor utilizing an alternative source of capital to fund part or all of its investment, but excluding a default by Bridge Equity Provider), Sponsor, and all equity investors in the Joint Venture, will be obligated to pay Bridge Equity Provider a Bridge Commitment Fee equal to three percent (3%) of Bridge Equity Provider's Bridge Equity Commitment not funded. No Bridge Commitment Fee will be due if the Transaction is not consummated. If the Transaction is consummated, but the amount of Bridge Equity Provider's Bridge Equity Commitment required to be funded decreases as the result of a joint decision by Bridge Equity Provider and Sponsor, subsequent to the execution of the Merger Agreement, to increase the amount of acquisition indebtedness incurred in connection with the Transaction, then no Bridge Commitment Fee will be due in respect of that portion of Bridge Equity Provider's Bridge Equity Commitment that is not actually funded by reason of such increase in acquisition indebtedness. No Bridge Commitment Fee shall be payable in respect of LB Equity's equity commitment to the Sponsor or by reason of any amount committed solely by LB Equity and not by Bridge Equity Provider (an "LB Equity Funding").
- Bridge Equity Return: In addition to the Bridge Commitment Fee, Bridge Equity Provider shall be entitled to a return of ten percent (10%) per annum, compounded quarterly, on its equity investment in the Joint Venture (the "Bridge Equity Return"). The Bridge Equity Return will be paid from *pro rata* cash flow distributions based on equity contributed by Bridge Equity Provider, with the balance, if any, to be realized by Bridge Equity Provider through the sale of its equity interest to Syndication Investors (as defined below). The Bridge Equity Return is in addition to

any fees paid or payable to Bridge Equity Provider. No Bridge Equity Return is payable on any LB Equity Funding.

- **Term:** The Joint Venture will liquidate after ten (10) years, provided that Sponsor shall have the unilateral right to extend such date by one (1) extension of up to five (5) years. Thereafter, Sponsor shall have the right to extend such date for an additional twelve (12) month period with the approval of a majority in interest of Syndication Investors. Any further extensions shall require unanimous approval of the Syndication Investors.
- **Debt Financing:** Bridge Equity Provider or its affiliates shall provide debt financing on terms (including leverage) agreed upon by Bridge Equity Provider and Sponsor and set forth in a separate term sheet between Bridge Equity Provider and Sponsor (the "Debt Term Sheet") and will provide 90 bps net profit margin to Bridge Equity Provider, including fees to market, and the financing shall have price flex to the extent such net profit margin is not attained through third-parties. Bridge Equity Provider may also participate in any syndicate acquiring any portion of the debt and receive the "market clearing spread" on any portion of the debt retained by Bridge Equity Provider (which shall be on the same terms received by other members of the syndicate) in addition to the 90 bps net profit margin payable to Bridge Equity Provider referred to above.
- **Structuring Fee:** Bridge Equity Provider shall be entitled to receive from the Joint Venture a structuring fee of 10 bps of the total amount of the debt financing committed to, which fee shall be part of the capitalized costs of the transaction and shall be payable as more specifically provided for in the Debt Term Sheet.
- **Other Capital Providers:** Notwithstanding anything to the contrary contained herein (but subject to the provisions of this section), each Bridge Equity Provider will have the right at any time in Bridge Equity Provider's sole discretion (including as to terms) to syndicate or participate its interest before or after closing to other capital providers who intend to syndicate to Syndication Investors with Bridge Equity Provider; provided, that (i) such other capital providers are not on the list attached hereto as Exhibit A and (ii) Bridge Equity Provider shall, at all times, control the Bridge Equity Commitment and Sponsor shall only be required to deal with Lehman with respect to the Bridge Equity Commitment. Bridge Equity Provider shall advise TS of the identity of any proposed transferee prior to any such syndication or participation. Notwithstanding anything to the contrary contained herein, TS shall not be required to deal with BofA and shall only be required to deal with Lehman with respect to all approvals and other rights of Bridge Equity Provider hereunder.
- **Services:** The Joint Venture Agreement will provide that to the extent the Joint Venture or any of its subsidiaries require or desire to obtain any financing or any real estate and/or capital services (including any services related to investment banking, financing, advisory, placement agent, lead underwriter, property management, leasing or development), the Syndication Investors will acknowledge that TS and Bridge Equity Provider, respectively, may provide such services, provided that the terms thereof are approved by each member of the Sponsor.
- **Syndication of Bridge Equity:** Bridge Equity Provider and Sponsor intend to jointly syndicate Bridge Equity Provider's entire bridge equity position in the Joint Venture within nine (9) months after closing (the "Syndication Period") to third-party equity investors ("Syndication Investors") at a price that provides Bridge Equity Provider with a return of its original capital *plus* the Bridge Equity Return accrued through the date of such syndication, provided, that if the aggregate equity

of Lehman, LB Equity and their affiliates in the Joint Venture is reduced below fifty percent (50%) of the total equity in the Transaction (and for this purpose, any Junior Mezz Debt shall be treated as equity) prior to the expiration of the Syndication Period, then the Syndication Period shall be extended to twelve (12) months after closing. Sponsor and Bridge Equity Provider (and their respective Principals) agree to cooperate in the syndication effort. The first closing of the sale of Bridge Equity Provider's equity interests to Syndication Investors shall be held upon (but not prior to) obtaining aggregate sales to Syndication Investors such that the total equity held by Syndication Investors is equal to or greater than \$500,000,000. Sponsor and Bridge Equity Provider shall jointly control all decisions with respect to the syndication to Syndication Investors during the Syndication Period and shall cooperate with each other in all commercially reasonable respects so as to successfully complete the syndication, provided that, subject to the last sentence hereof, neither Sponsor nor any Bridge Equity Provider shall have any right to approve or disapprove any prospective investor so long as such investor is a qualified "Syndication Investor" as such term is defined in the definitive documents. Additionally, it is contemplated that sales to Syndication Investors will be accomplished through the redemption of Bridge Equity Provider's interest with the proceeds of the issuance of new equity to the Syndication Investors. Sponsor will agree not to unreasonably withhold its consent to any modifications to the Joint Venture Agreement requested by Bridge Equity Provider or potential Syndication Investors so long as same do not (x) impair or diminish the economic benefits to Sponsor of the Joint Venture or the Transaction, (y) increase the non-economic obligations of Sponsor under the Joint Venture Agreement in any material respect, or (z) decrease the non-economic rights of Sponsor under the Joint Venture Agreement in any material respect. Notwithstanding anything to the contrary set forth herein, in no event shall any of the persons or entities listed on Exhibit B hereto or any affiliate of such persons or entities be permitted to acquire all or any portion of Bridge Equity Provider's Joint Venture interest during the Syndication Period. Notwithstanding the foregoing, this section shall not be applicable with respect to syndications or participations to Other Capital Providers which shall be governed by the section entitled "Other Capital Providers".

- **Most Favored Nations:** Bridge Equity Provider shall be entitled, prior to a Failed Syndication, to all rights granted to any Syndication Investor (i.e., a most favored nations clause).
- **Bridge Equity Provider Retention of Permanent Equity:** Notwithstanding anything to the contrary contained herein, Bridge Equity Provider in its sole and absolute discretion, will have the right to retain all or any portion of the Bridge Equity ("Retained Equity") on the same terms as any Syndication Investor, provided, that Bridge Equity Provider shall not have such retention right (i) with respect to any portion of the Bridge Equity that has been "circled" for sale to a Syndication Investor prior to Bridge Equity Provider exercising such right or (ii) upon the pending sale of all or substantially all of the assets held directly or indirectly by the Joint Venture.
- **Syndication Indemnification:** All offering materials required for the syndication shall be subject to the right of each of Bridge Equity Provider and Sponsor to approve all such offering materials. Each party shall comply in all respects with all applicable securities and other laws. Each of Bridge Equity Provider and Sponsor shall have the right to approve all marketing materials and all material actions taken in connection with the syndication which relate to potential securities laws liabilities. The Joint Venture and Sponsor shall indemnify Bridge Equity Provider and their respective affiliates from any securities or other liability (other than the liability described in the next sentence), whether arising from the actions of Sponsor or from any misstatement or omission contained in any marketing or offering materials (except to the extent provided in clauses (i) and (ii) below) or otherwise. Lehman or BofA, as the case may be, shall indemnify, the other,

Sponsor and their respective affiliates from any securities or other liability arising from the actions of Lehman or BofA, as the case may be, in violation of the securities laws or from any of the following:

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

(ii) any provision contained in the offering materials that (A) was proposed by Lehman or BofA, as the case may be, and (B) Sponsor specifically objected to in writing and as to which Sponsor advised Lehman or BofA, as the case may be, that Sponsor would only include in the offering materials if Lehman or BofA, 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 Lehman or BofA, as the case may be, (but not LB Equity in the case of Lehman) in marketing Bridge Equity Provider's equity interest in the Joint Venture (but not in marketing LB Equity's interest in the Sponsor in the case of Lehman) or otherwise in connection with the syndication (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 Lehman or BofA, as the case may be, without the consent of Sponsor in connection with the syndication; and

(v) to the extent that (i) Lehman or BofA, 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 Lehman or BofA, as the case may be, the failure of Lehman or BofA, as the case may be, to provide such Syndication Investor with such revised offering materials prior to such admission.

For the avoidance of doubt, neither Lehman nor BofA shall be responsible to indemnify Sponsor as provided above for the acts of the other.

- **Transfers:** Sponsor shall not directly or indirectly transfer any of its equity in the Joint Venture at any time except as otherwise permitted in that certain Term Sheet between TS and LB Equity being executed contemporaneously herewith (the "Sponsor Term Sheet") without the approval of at least a majority in interest of the Syndication Investors. The transfer restrictions to be set forth in 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. Each Bridge Equity Provider may transfer all or a portion of the Bridge Equity to the other.
- **Promote:** All distributions by the Joint Venture to Sponsor and Bridge Equity Provider will be made *pro rata* based on contributed capital, except that from and after the first Syndication Investor is admitted to the Joint Venture (and subject to the Failed Syndication provisions below), Sponsor will be entitled to a twenty percent (20%) promote after the Syndication Investors receive an eight percent (8%) IRR; *provided, however*, that there will be no promote of Bridge

Equity Provider's capital (other than any Retained Equity) so long as Bridge Equity Provider continues to own any equity interest in the Joint Venture.

- **Administration Fee:** Sponsor shall not receive any administration fees or promote distributions prior to the date on which the first Syndication Investor is admitted to the Joint Venture (the "Initial Syndication Date"). From and after the Initial Syndication Date, Sponsor will receive (i) promote distributions as described above and (ii) an annual administration fee (payable monthly) equal to the product obtained by multiplying (A) thirty-five (35) basis points by (B) the aggregate gross asset value of the Portfolio from time to time. No administration fee shall be payable on Bridge Equity Provider equity (other than any Retained Equity) at any time. To the extent cash flow from the Portfolio after payment of all other expenses together with available debt proceeds is insufficient to pay the administration fee due in any month, the unpaid portion of such administration fee shall accrue with interest at 8% per annum (compounded quarterly) and be payable when cash flow together with available debt proceeds is sufficient to pay such deferred amount. As long as Bridge Equity Provider has equity invested in the Joint Venture, it shall be entitled to share in the promote and in all administrative fees pro rata based on a fraction, the numerator of which is the equity in the Joint Venture then held by Bridge Equity Provider and the denominator of which is the total equity in the Joint Venture then held by Sponsor and Bridge Equity Provider. Other than as set forth in this Term Sheet, TS shall not be entitled to any additional administration fees with respect to the assets of the Joint Venture.
- **Fees:** No fees (other than the administration fee) of any kind will be payable to Sponsor or its affiliates, provided, that Sponsor shall be entitled to receive reimbursement of internal salaries and overhead as provided for in the then approved budget.
- **Control:** Control of Sponsor and the Joint Venture shall be as provided in the Sponsor Term Sheet. So long as Bridge Equity Provider retains any Bridge Equity, any of TS, LB Equity or Bridge Equity Provider may propose "major decisions", which shall be set forth in the definitive documents, and any major decision shall require the approval of TS, LB Equity and each Bridge Equity Provider other than with respect to any major decision related to the last sentence of the section entitled "Control" in the Sponsor Term Sheet. Additionally, TS, LB Equity and Bridge Equity Provider will agree to provide certain decision making rights to certain Syndication Investors, as more particularly set forth in the definitive documents.
- **Failed Syndication:** If the syndication of all of Bridge Equity Provider's equity interest in the Joint Venture (other than any Retained Equity) has not been completed prior to the end of the Syndication Period, then (A) such syndication shall be deemed a "Failed Syndication"; (B) Bridge Equity Provider shall be entitled to assume sole control over the syndication and shall be permitted to sell its equity position to any investor in Bridge Equity Provider's sole discretion (except that Bridge Equity Provider shall not be permitted to sell its interests or any portion thereof, to any of the persons or entities identified in part 1 of Exhibit B and may sell only a passive interest to any of the persons or entities identified in Part 2 of Exhibit B); and (C) Bridge Equity Provider shall have the sole authority to reduce or eliminate the promote and administration fees otherwise payable to Sponsor in respect of Bridge Equity Provider's remaining interest in the Joint Venture, provided, that in no event shall Bridge Equity Provider have the right to reduce or eliminate any promote or administration fees payable to Sponsor in respect of any of Bridge Equity Provider's equity that was sold prior to a Failed Syndication except to the extent the same is reduced or eliminated pursuant to the terms of any "most favored nations" or similar clauses entered into with any Syndication Investor with the approval of

Sponsor and Bridge Equity Provider prior to a Failed Syndication, as well as the right to grant one or more of the Syndication Investors the same approval rights that Bridge Equity Provider has, as described above under "Control". Additionally, after a Failed Syndication:

(i) Bridge Equity Provider will be free to sell its remaining equity interest in the Joint Venture free of any promote or administration fees payable to Sponsor;

(ii) If Bridge Equity Provider does not elect to eliminate all promote and administration fees with respect to its remaining equity interest in the Joint Venture as described above, Sponsor and Bridge Equity Provider will be permitted to receive a promote and an administration fee on the portion of Bridge Equity Provider's equity interest that is actually sold to Syndication Investors (such promote and such administration fee to be allocated among Sponsor and Bridge Equity Provider in proportion to their respective interests in the Joint Venture as of the date the syndication is deemed to have failed, after giving effect to any prior transfers of interests to Syndication Investors); and

(iii) Bridge Equity Provider will continue to be entitled to receive any administration fees and promotes it was entitled to receive at the time the syndication was deemed a Failed Syndication and/or transfer such right to any Person and Sponsor will also continue to be entitled to receive any administration fees and promotes it was entitled to receive at the time the syndication was deemed a Failed Syndication subject to the terms of any "most favored nations" or similar clauses entered into with any Syndication Investor with the approval of Sponsor and Bridge Equity Provider prior to a Failed Syndication.

This Failed Syndication provision shall not affect the terms of any Retained Equity subject to the terms of any "most favored nations" or similar clauses entered into with any Syndication Investor with the approval of Sponsor and Bridge Equity Provider prior to a Failed Syndication.

- Expenses: All of Bridge Equity Provider's, LB Equity'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. In the event the Transaction is not consummated, each of TS, Lehman, BofA and LB 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 LB Entity shall bear 25% of the aggregate of all such third-party expenses and Bridge Equity Provider shall bear 50% of such aggregate expenses.
- Transfer Tax Liability: Transfer or similar taxes or fees arising from the Transaction shall be paid by the Joint Venture, and the Joint Venture and Sponsor shall indemnify and hold Bridge Equity Provider harmless from any transfer tax or similar liabilities.
- Deal Structure: The transaction will be structured in a manner so as to minimize any transfer or similar taxes resulting from the syndication. Additionally, the ownership structure will be designed to maximize the potential for syndication to both U.S. and non-U.S. investors.
- Related Entities: TS hereby recognizes and acknowledges that in addition to Lehman providing Bridge Equity for the Transaction, LB Equity, an affiliate of Lehman, is participating in the

equity of Sponsor. Notwithstanding any common ownership between LB Equity and Lehman: (a) Lehman and LB Equity are separate and distinct legal entities with different investment goals and objectives; and (b) Lehman may exercise all the rights, privileges and benefits of the holder of the Bridge Equity and enforce all remedies and other provisions under the definitive documents without regard to the fact that LB Equity is a partner in Sponsor. TS hereby recognizes and acknowledges that in addition to Bridge Equity Provider providing Bridge Equity for the Transaction, affiliates of Bridge Equity Provider, may be providing debt financing in connection with the Transaction. Notwithstanding any common ownership between Bridge Equity Provider and any of its affiliates providing any other debt financing, (a) Bridge Equity Provider and each of its affiliates are separate and distinct legal entities with different investment goals and objectives; and (b) Bridge Equity Provider may exercise all the rights, privileges and benefits of the holder of the Bridge Equity and enforce all remedies and other provisions under the definitive documents without regard to the fact that one or more of its affiliates is providing any debt financing.

- **Confidentiality:** Bridge Equity Provider and TS shall keep the terms and existence of this term sheet confidential and all information regarding the other parties hereto disclosed by such parties in connection and during the negotiation of this Term Sheet (and the other term sheets and agreements contemplated hereby) and any other aspect of the Transaction, and shall not disclose to any third party without the prior consent of the other parties except (a) to their respective counsel, consultants, partners, advisors, investors and lenders provided that each party agrees to take reasonable steps to ensure that they will keep such information confidential, (b) as required to enforce the terms hereof, and (c) as required by applicable law, regulation or a court of competent jurisdiction. 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 Bridge Equity Provider or its affiliates due to Bridge Equity Provider's status as a regulated financial institution or 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).
- **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, LB Equity 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 section entitled "Confidentiality", the section entitled "Acknowledgment", the last sentence of the section entitled "Deposit/Guarantee/Break Up Fee", the last sentence of the section entitled "Expenses", the section entitled "Other Capital Providers" and the third and fourth sentences of the section entitled "Bridge Commitment Fee", 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 Sponsor and Bridge Equity Provider, will bind the parties as to any matter which is the subject of this term sheet.
- **Advisory Board:** After Syndication if there are multiple Syndication Investors, the Joint Venture will have a minimum of a five (5) member advisory board of Syndication Investors and Sponsor would convene meetings of such advisory board to discuss and approve issues involving conflicts

of interest not expressly approved in the Joint Venture Agreement and other matters set forth in the definitive documents.

- Acknowledgement: BofA hereby acknowledges, that in connection with the entering into of the Merger Agreement each of Lehman and TS delivered a guaranty in the maximum amount of \$1,250,000,000 and \$250,000,000, respectively, to the Company.

AGREED AND ACCEPTED THIS ____ DAY OF MAY, 2007:

SPONSOR

TISHMAN SPEYER DEVELOPMENT CORP.

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

REAL ESTATE PRIVATE EQUITY INC.

By: _____
Name:
Title

LEHMAN BROTHERS HOLDINGS INC.

By: _____
Name:
Title

BANC OF AMERICA STRATEGIC VENTURES, INC.

By: _____
Name:
Title

SIGNATURE PAGE TO BRIDGE EQUITY TERM SHEET

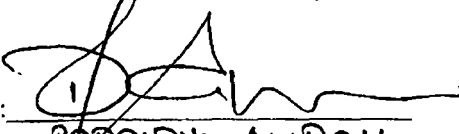
AGREED AND ACCEPTED THIS ____ DAY OF MAY, 2007:

SPONSOR

TISHMAN SPEYER DEVELOPMENT CORP.

By: _____
Name:
Title

REAL ESTATE PRIVATE EQUITY INC.

By: 
Name: ROBERTO ANZOLI
Title: AUTHORIZED SIGNATORY

LEHMAN BROTHERS HOLDINGS INC.

By: _____
Name:
Title

BANC OF AMERICA STRATEGIC VENTURES, INC.

By: _____
Name:
Title

SIGNATURE PAGE TO BRIDGE EQUITY TERM SHEET

AGREED AND ACCEPTED THIS ____ DAY OF MAY, 2007:

SPONSOR


TISHMAN SPEYER DEVELOPMENT CORP.

By: _____
Name:
Title

REAL ESTATE PRIVATE EQUITY INC.

By: _____
Name:
Title

LEHMAN BROTHERS HOLDINGS INC.

By: 
Name:
Title

BANC OF AMERICA STRATEGIC VENTURES, INC.

By: _____
Name:
Title

SIGNATURE PAGE TO BRIDGE EQUITY TERM SHEET

AGREED AND ACCEPTED THIS ____ DAY OF MAY, 2007:

SPONSOR

TISHMAN SPEYER DEVELOPMENT CORP.

By: _____
Name:
Title

REAL ESTATE PRIVATE EQUITY INC.

By: _____
Name:
Title

LEHMAN BROTHERS HOLDINGS INC.

By: _____
Name:
Title

BANC OF AMERICA STRATEGIC VENTURES, INC.

By: *Eric Woodward*
Name: *ERIC Woodward*
Title: *Managing Director*

SIGNATURE PAGE TO BRIDGE EQUITY TERM SHEET

05/28/07 09:00 P.001

(646) 216-8018

ERIC WOODWARD

EXHIBIT A

Prohibited Capital Providers

Related

Apollo

Blackstone

Lefrak

PSP

SL Green

ING

Avalon

EQR

Beacon

Vornado

RBS

EXHIBIT B
Prohibited Persons

Excluded Investors:

Related

Apollo

Blackstone

Lefrak

PSP

SL Green

ING

Beacon

Vornado

RBS

Passive Investors:

Avalon

EQR

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EXHIBIT C

Junior Mezzanine Loan Terms and Conditions

The general terms and conditions outline below are not all inclusive or fully exhaustive.

Bridge Equity:	This Term Sheet is attached to and is a part of the Term Sheet (Bridge Equity) (the " <u>Bridge Term Sheet</u> ") between Tishman Speyer Development Corp., Real Estate Private Equity Inc. Lehman Brothers Holdings Inc. (" <u>Lehman</u> ") and Banc of America Strategic Ventures, Inc. or an affiliate (" <u>BofA</u> ") and together with Lehman, collectively " <u>Bridge Equity Provider</u> ". The provisions of the Bridge Term Sheet are incorporated herein by reference. Capitalized terms used herein and not otherwise defined have the respective meanings set forth in the Bridge Term Sheet.
Lender:	Bridge Equity Provider or an affiliate or an entity engaged by Bridge Equity Provider to provide origination services.
Joint Venture:	Bridge Equity Provider will form a joint venture (the " <u>Joint Venture</u> ") with a joint venture (" <u>Sponsor</u> ") to be formed between Real Estate Private Equity Inc. or an affiliate (" <u>LB Equity</u> ") and Tishman Speyer Development Corp. or an affiliate (" <u>TS</u> ") that will acquire controlling equity ownership interests (collectively, the " <u>Interests</u> ") in each of Archstone-Smith Trust (the " <u>Company</u> ") and Archstone-Smith Operating Trust (the " <u>Operating Trust</u> ")
Loan:	Lender will make a loan to the Borrower upon and subject to the terms and conditions set forth in this Term Sheet (the " <u>Loan</u> "). The Borrower shall be a special purpose Delaware limited partnership that is wholly owned and controlled, directly or indirectly, by the Joint Venture and whose sole business shall be indirect ownership of the Interests. The Borrower will not be required to have independent directors and a non-consolidation opinion will not be a requirement for the Loan.
Loss Sharing and Subordination:	Notwithstanding anything to the contrary contained herein, Lender and TS, Bridge Equity Provider, LB Equity and the Syndication Investors shall share any risk of loss on a <i>pari passu</i> basis and Lender shall not have priority over such other parties with respect to risk of loss; provided, however, that each partner of the Joint Venture shall acknowledge that Lender and any other such partner may enter into any subordination or other agreements between themselves with respect to sharing any risk of loss.
Recourse:	The Loan shall be non-recourse with respect to the Borrower, the Joint Venture and each of their respective direct and indirect partners, members, managers, directors, officers, employees, agents, shareholders and affiliates.

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Principal Amount:	Up to a maximum of the lesser of (i) \$2,200,000,000.00 or (ii) the amount by which the aggregate amount of debt pursuant to the Debt Term Sheet is less than 90% of total costs of the Transaction.
Interest Rate:	Interest shall accrue on the outstanding balance of the Loan at a fixed rate equal to ten percent (10%) per annum, provided, however, that the payment of interest shall be deferred until the Maturity Date, except to the extent of Lender's pro rata share (based on a fraction whose numerator is the outstanding principal amount of the Loan and whose denominator is the sum of (x) the outstanding principal amount of the Loan and (y) the aggregate amount of equity and bridge equity contributed to the Joint Venture by all partners) of any distributions received by the Joint Venture from Borrower and Senior Borrower (as hereinafter defined); provided, however, that each partner of the Joint Venture shall acknowledge that Lender and any other such partner may enter into any subordination or other agreements between themselves with respect to the sharing of distributions. So long as interest is accruing, interest shall be compounded on a quarterly basis.
Loan Fee:	Four percent (4%) of the principal amount of the Loan actually funded by Lender.
Amortization:	None
Term:	10 years, subject to extension so that the term is coterminous with the Joint Venture.
Security:	The Loan shall be secured by non-foreclosable pledges of the Borrower's ownership interests, as applicable, in the borrower (the " <u>Senior Borrower</u> ") under the Senior Secured Commitment Letter.
Conversion Option:	Subject to the second to last sentence of this section, Lender may, at any time or from time to time, in Lender's sole discretion, elect to convert all or a portion of the Loan into an additional Bridge Equity limited partnership interest in the Joint Venture in accordance with the Bridge Equity Term Sheet (the " <u>Conversion Option</u> "). Upon exercise of the Conversion Option in whole or in part, Borrower shall take, and shall cause the Joint Venture to take such actions as may reasonably be requested by Lender in order to issue additional Bridge Equity limited partnership interests to Lender in an amount equal to the portion of the Loan so converted. In such event, accrued interest on the Loan shall be treated as accrued Bridge Equity Return. Such Bridge Equity limited partnership interests shall be issued and held on all of the same terms and conditions as the Bridge Equity (including, without limitation, those terms applicable after a Failed Syndication) and shall be deemed part of the Bridge Equity retroactive to the formation of the Joint Venture. In the event of the maturity or acceleration of the Loan, Lender may exercise the Conversion Option and in addition upon the maturity of the Loan the Lender may require a liquidation of the Joint Venture and its assets. The Conversion Option shall not be exercisable by BofA, with respect to any portion of the Loan held by BofA, if (on a pro-forma basis after giving

	effect to the conversion by BofA of such portion of the Loan), BofA and its affiliates would then hold 25% or more of the aggregate limited partner interest in the Joint Venture. The limitation on the Conversion Option described in the preceding sentence shall not apply to any portion of the Loan (including any portion of the Loan held by BofA) that is syndicated or sold to any person or entity that is not an affiliate of BofA.
Prepayment:	The Loan may be prepaid in whole or in part with no penalty or premium at any time.
Transfers:	No transfer of any direct or indirect interest in the Borrower, the Joint Venture, the Senior Borrower or any property or interests owned directly or indirectly by the Joint Venture shall be permitted except as provided in the Bridge Equity Term Sheet.
Affiliate Agreements:	Any agreements with, or fees payable to, any affiliate of TS, LB Equity or Bridge Equity Provider must be approved by Lender, other than those specifically contemplated by the Bridge Term Sheet and/or Sponsor Term Sheet.
Lender's Right to Syndicate the Loan:	Lender may sell or syndicate interests in the Loan upon the same terms applicable to the Bridge Equity as set forth in the Bridge Equity Term Sheet.
Loan Covenants:	Lender shall have the right to approve all "major decisions" that require the approval of Bridge Equity Provider under the Bridge Equity Term Sheet.
Syndication Priority:	Until the Loan is repaid (including through exercise of the Conversion Option), each of the Bridge Equity Providers may syndicate its Bridge Equity and the Loan in such order or priority as such Bridge Equity Provider may elect.
Patriot Act:	Lender is committed to complying with U.S. statutory and regulatory requirements designed to assist the federal government in combating money laundering and any activity which facilitates the funding of terrorist or criminal activities. The USA Patriot Act enhances the money laundering prevention requirements imposed on securities firms and other financial institutions. As part of our customer identification and verification procedures, Lender may ask the Joint Venture to provide additional information as necessary to verify their identity and comply with these procedures, and the Joint Venture will provide such additional information or documentation to Lender promptly after Lender's request therefor.
Conditions:	Borrower and the Joint Venture acknowledge that Lender has the right, but not the obligation, to provide a portion of the Bridge Equity through the Loan.
Confidentiality:	The Joint Venture and Lender shall keep the terms and existence of this Term Sheet confidential except as required by law, court order or regulatory bodies. 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 Bridge Equity Provider or its affiliates due to Bridge Equity Provider'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).
Indemnity:	The provisions of the Bridge Equity Term Sheet relating to indemnification of Bridge Equity Provider (including, without limitation, the provisions related to syndication, indemnification and transfer tax indemnification) shall also be applicable to Lender.
No Liability:	None of the direct or indirect, disclosed or undisclosed officers, directors, employees, trustees, shareholders, partners, members, managers, principals, parents, subsidiaries or any other affiliates of any of TS, LB Equity 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.
Related Entities:	TS hereby recognizes and acknowledges that in addition to Lehman providing the Loan, certain other credit facilities and/or the Bridge Equity for the Transaction, LB Equity, an affiliate of Lehman, is participating in the equity of Sponsor. Notwithstanding any common ownership between LB Equity and Lehman: (a) Lehman and LB Equity are separate and distinct legal entities with different investment goals and objectives; and (b) Lehman may exercise all the rights, privileges and benefits of the holder of the Loan and enforce all remedies and other provisions under the definitive documents without regard to the fact that LB Equity is a partner in Sponsor.
Non-Binding:	Except for the section entitled "Confidentiality" and "No Broker", 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 the Joint Venture and Lender, will bind the parties as to any matter which is the subject of this Term Sheet.
Costs and Expenses:	All costs and expenses incurred in connection with the Loan, including, without limitation, the fees and disbursements of Lender's counsel, appraisal costs, title insurance premiums, and recording charges, shall be borne by Bridge Equity Provider, TS and LB Equity in the same manner as specified for other Transaction expenses in the Bridge Equity Term Sheet.
No Broker:	Each of the Joint Venture and Lender hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the transactions contemplated by this Term Sheet. Each of the Joint Venture and Lender hereby agrees to indemnify, defend and hold the other harmless from and against any and

	all claims, liabilities, costs and expenses of any kind (including the indemnified party's reasonable attorneys' fees and expenses) in any way relating to or arising from a claim by any person that such person acted on behalf of the indemnifying party or any of its affiliates in connection with the transactions contemplated herein. This provision shall survive any termination or expiration of this Term Sheet.
Governing Law:	The Loan shall be governed by the laws of the State of New York.
Waiver of Trial by Jury:	LENDER, BORROWER AND THE JOINT VENTURE DO HEREBY KNOWINGLY, VOLUNTARILY, UNCONDITIONALLY, IRREVOCABLY AND INTENTIONALLY FOREVER WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (WHETHER IN TORT OR CONTRACT) BASED UPON, OR ARISING OUT OF, UNDER OR CONNECTED WITH, IN ANY MANNER WHATSOEVER, THIS TERM SHEET.