

REAL ESTATE ASSET ENHANCEMENT PROGRAM

MASTER PLANNED DEVELOPMENT
LOS ANGELES, CA



INVESTMENT BACKGROUND

In 2002, American Realty Advisors was appointed as the real estate investment manager and Qualified Professional Asset Manager (QPAM) to two institutional pension funds, relating to their investment in a Series A Bonds totaling \$40,000,000, originally secured by the interests of the bond issuer's fractional ownership in the approximately 1,000 acre mixed-use, master-planned development site located in the Los Angeles area. At the time of the takeover, both the Series A and Series B bonds were in default as a result of a default on payments of interest and principal by the issuer. As part of this takeover, American was responsible for determining the appropriateness of the structure, foreclosure remedies, and capital structure and making the determination of the best methods and course of action to pursue to protect the interests of the interests of our clients as investors in the bonds.

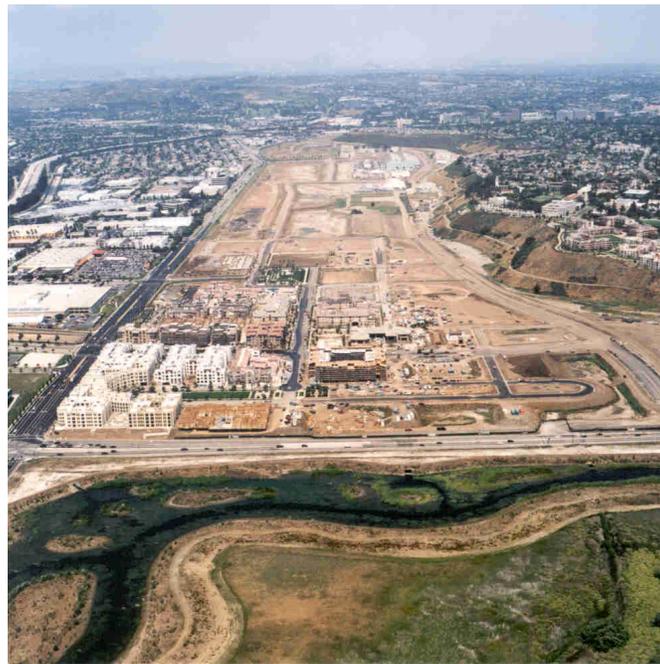
American, on behalf of our clients, and in conjunction with the other Series A Bondholder and the Series B Bondholder negotiated the transfer from the issuer of the bonds of the collateral through a UCC action. Following this transfer, representatives from American were appointed to the management committee of the project, which oversees the development team, and we continue to work closely to entitle, develop and dispose of this project.

The development is one of the largest entitled development sites in Los Angeles County, representing over \$1 billion of capital committed to the project, the adjacent infrastructure and the development of residential, office and retail facilities in the surrounding area.

STRATEGY

American, through its investment management of our clients’ investment in the Project, has been involved in the development of over 2,160 residential units housing more than 4,700 residents, 250,000 square feet of office space, a library, community center, parks and retail space. An additional 950 housing units, a fire station and additional parks are under construction in the areas remaining for development. Additionally, the City of Los Angeles has approved the additional construction of 2,600 residential units, 195,875 square feet of retail space, 50,000 square feet of office space, 200 assisted living units, parks and community service uses in a Phase III location yet to be completed.

The Project is widely regarded as one of the most significant environmentally sensitive, capital intensive and community oriented developments in Los Angeles history.



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AMERICAN REALTY ADVISORS

American Realty Advisors, a California corporation, is an SEC-registered investment advisor under the Investment Advisers Act of 1940, as amended and a leading provider of real estate investment management services to institutional investors. With more than \$3.3 billion in gross assets under management (excluding partners’ share of equity and partners’ share of debt on partnership investments) as of December 31, 2009, American has provided real estate investment management services to institutional investors for over 21 years utilizing core and value-added commingled funds and separate accounts.

The firm’s portfolios include office, industrial, multi-family, and retail properties nationwide. Additional information regarding American can be found online at www.americanreal.com.

In addition, American is a significant originator of debt financing for real estate investments utilizing various structures from senior debt to highly structured mezzanine or preferred equity formats, secured by mortgages or other interests in real estate. Our conservative cash flow underwriting, pro-active investment management and ability to structure transactions has produced superior risk-adjusted returns on behalf of our clients.

This case study is presented as an illustration of the methodologies utilized by American in connection with a property enhancement program. Some of the information included in this case study involves present or former clients of American. Such material has not been selected based on performance and it is not known whether the clients approved or disapproved of American or the advisory services provided.

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