

AMERICAN REALTY ADVISORS®

Real Estate Asset Enhancement Program
Master-Planned Development



**A CASE STUDY FROM
AMERICAN REALTY ADVISORS®**

LOS ANGELES ♦ ATLANTA ♦ CHICAGO

INSTITUTIONAL REAL ESTATE INVESTMENT MANAGEMENT

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REAL ESTATE ASSET ENHANCEMENT PROGRAM

MASTER-PLANNED DEVELOPMENT
 LOS ANGELES (PLAYA VISTA), CA



This asset is one of the largest urban master-planned developments in the United States. Environmentally sensitive, capital intensive and community-oriented, it is nestled below the bluffs of Westchester in Los Angeles County (Playa Vista), adjacent to the newly restored Ballona Freshwater Marsh and within easy reach of Santa Monica, Venice, Century City and LAX.

With over 1,087± acres of mixed-use development, the asset includes millions of square feet of commercial, retail, open space and community serving uses and restored wetlands and wildlife preserves, balancing critically needed housing, office space, neighborhood shopping, parks and habitat protection in the heart of Los Angeles' Westside community.

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 Series A Bonds totaling \$40,000,000, originally secured by the interests of the bond issuer's fractional ownership in this mixed-use, master-planned development site located in Playa Vista, CA. At the time of the takeover, both the Series A and Series B bonds were in default as a result of unpaid interest and principal by the issuer. As part of this takeover, American was responsible for determining the appropriateness of the structure, foreclosure remedies, capital structure and selecting the most suitable course of action to pursue in order to protect the interests of the firm's clients as investors in the bonds.

American, on behalf of the firm's 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 Uniform Commercial Code (UCC) action. Following this transfer, representatives from American were appointed to the project's Management Committee, which is responsible for overseeing the development's management and development team. Currently, American continues to work closely to entitle, develop and ultimately, sell this project.

This project involves one of the largest entitled development sites in Los Angeles County, representing over \$1 billion of capital committed to the project, the on-and-off-site infrastructure and the development of residential, office, retail and community-serving facilities.



SUMMARY

American, through its investment management of its clients' investment, has been involved in the development and/or planning of almost 3,200 residential units housing more than 4,700 residents, 3.1 million square feet of office space, 37,000 square feet of retail, a library, community center, parks and a fire station. The development also involved the restoration of environmentally sensitive areas including a large wetlands area and fresh water marsh. Additionally, the City of Los Angeles has approved the additional construction of roughly 2,500 residential units, 195,875 square feet of retail space, 50,000 square feet of office space, parks and community service uses in the final phase of the project.



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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. The firm has provided innovative real estate solutions to institutional investors for over 22 years utilizing core and value-added commingled funds and separate accounts since 1988.

American'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. The combination of the firm's conservative cash flow underwriting, pro-active investment management and overall transaction structure has the ability to produce superior risk-adjusted returns on behalf of American's 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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