



ASB REAL ESTATE INVESTMENTS

REAL ESTATE INVESTMENT PROGRAM

Washington, D.C. ▪ Chicago ▪ San Francisco

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ASB REAL ESTATE INVESTMENTS, a division of ASB Capital Management (“ASB”), is an SEC-registered institutional investment advisor with approximately \$3.0 billion in gross assets invested in real estate properties across the United States. ASB has offices in Washington, D.C., San Francisco, and Chicago.

Our portfolios include 82 investments totaling over 18.7 million square feet of office, retail, industrial, residential, and hotel properties in 27 major markets across the country. Over the last two years, the company completed 43 transactions with aggregate project costs of approximately \$2 billion upon completion.

Investment Objectives

Through strategic asset selection, active hands-on asset management, and prudent risk management in partnership with seasoned local real estate operating companies, our investment objective is to generate superior risk adjusted returns for our clients. We target investments in which we can protect and preserve our clients’ capital while at the same time generating acceptable cash returns and capital appreciation once the property has achieved stabilization.

Investment Strategy

ASB seeks to invest in high-quality, income-producing properties which are diversified by property type, location, and lease exposures. In each of our development projects, we achieve the highest quality construction possible by using 100% union labor which helps to ensure the long term success of the physical real estate improvements. We invest in partnership with experienced and successful local real estate operators. With proven track records investing in their local markets, our partners enhance our competitive advantage in the marketplace through their knowledge, skill, and experience in identifying and executing property strategies that target value creation.

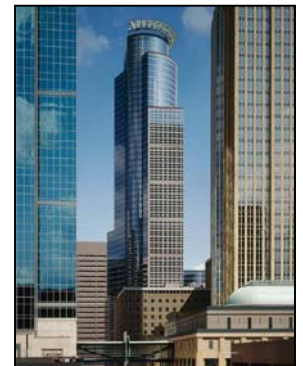
ASB invests in ground-up development projects and existing assets which have substantial value enhancement potential.

Development

We believe attractive opportunities for development exist in certain property segments and geographic markets with supply constraints. Typically, ASB invests in ground-up development either in joint venture with a development partner or using a forward commitment structure. For new office, retail, and industrial development projects, we typically require substantial leasing in place prior to commencing construction. We invest in both early stage (at land acquisition) and late stage (at construction commencement) development opportunities.

Re-development

ASB targets re-development investment opportunities which may have significantly depreciated in value due to mismanagement, lack of capital, obsolescence, or the occurrence of a dramatic event, such as the loss of a major tenant. Demographic shifts and product demand changes within specific geographic regions will provide opportunities for ASB and our partners to recognize and exploit these trends. We seek to reposition these assets with our partners to enhance the properties value through re-tenanting, changing the use of the asset, and capital enhancement with union labor to dramatically boost their value, creating Class A assets with long term investment potential.



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We seek to be creative in our approach to transactions with a willingness to pursue unusual and/or complex investments provided that we are able to fully understand the investment risks, price them appropriately, and mitigate the risks through appropriate strategies and investment structures. We prefer in-fill “24-hour” markets characterized by high barriers to entry, urban densities, pedestrian oriented environments with multiple transportation options and diverse synergistic property uses. While we have the ability to execute large transactions, we also pursue small investments which in certain cases may be more attractively priced because they do not attract the attention of large institutional investors.

For each investment, we establish a target holding period prior to making an investment commitment which maximizes the holding period return relative to alternative investment options. This target holding period is revised regularly to reflect changing market dynamics. Variables which impact the holding period include the investment’s asset life cycle, our partner’s investment objectives, and competitive market dynamics relating to the threat of new supply, the path of demographic growth, and changing tenant demand. Although we do not have a pre-determined minimum or maximum holding period, ASB typically holds investments for a three to seven year term.

Current Property Preferences

- Office (including special purpose uses such as data center and medical)
- Rental apartments
- Student housing
- Bulk distribution
- Full service hotels
- Flex industrial
- Grocery anchored retail
- In-fill urban retail

Target Markets

ASB focuses on the largest twenty-five MSA real estate markets in the U.S. where union labor is available. Primary markets include:

Boston	Minneapolis	Los Angeles
New York	St. Louis	San Diego
Philadelphia	Cleveland	Portland
Baltimore	Pittsburgh	Seattle
Washington, D.C.	Chicago	Dallas
Miami	Sacramento	Phoenix
Atlanta	San Francisco	Denver

Typical Investment Size

- Equity \$10 to \$100 million
- Total Capital \$10 to \$250 million

Investment Structure

To align interests, local operating partners will generally co-invest with ASB and receive much of their compensation by sharing in investment profits. Typical investments are structured as follows:

- ASB invests as either (1) a limited partner in a partnership with the developer as general partner, (2) as a non-managing member of a limited liability company with the developer as the managing member, or (3) as a mezzanine debt lender.
- The developer typically invests fee equity plus cash or land equity in the venture. The level of developer equity depends in part on the level of project risk.
- Cash distributions include a first preference to the investors on their invested equity and thereafter, a split of net cash flows that includes a promoted interest to the developer.
- Target returns for un-levered equity investments range between 9% and 15%, with preference rates and promoted amounts dependent on the particulars of the transaction.
- The amount and structure of property leverage varies depending on asset risk, the availability of attractive debt, and our partners’ investment objectives.

Contacts:

Headquarters

Robert Bellinger, CFA
President
7501 Wisconsin Avenue
Suite 200
Bethesda, MD 20814
Telephone (240) 482-2957
Fax (240) 482-2950
rbellinger@asbcm.com

East Region Office

James Darcey
Managing Director
7501 Wisconsin Avenue
Suite 200
Bethesda, MD 20814
Telephone (240) 482-2909
Fax (240) 482-2950
jdarcey@asbcm.com

West Region Office

David Quigley
Chief Investment Officer
228 Hamilton Avenue
Palo Alto, CA 94301
Telephone (650) 798-5474
Fax (650) 798-5473
dquigley@asbcm.com