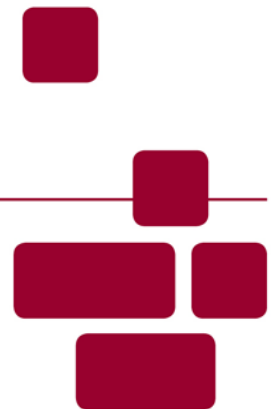


Creating Value Through Asset Management

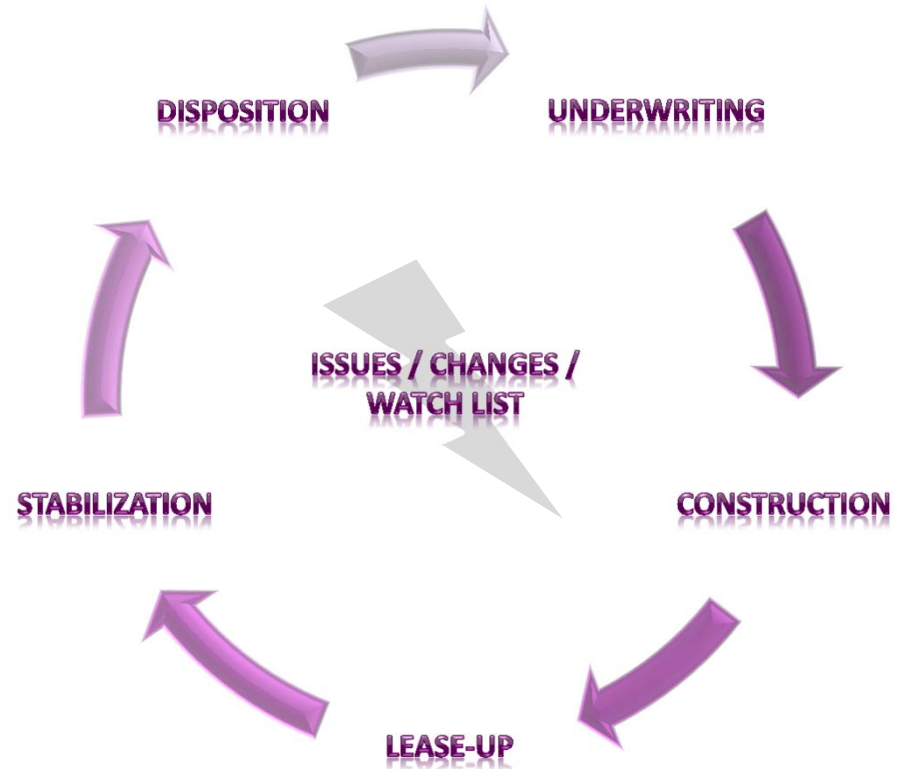


Fund Manager's Role in Asset Management

Providing a link between lower and upper tier;

1. managing expectations,
2. coordinating resources,
3. monitoring portfolios, and
4. providing solutions to address issues or changes in a deal,

throughout the lifecycle of a property:



Underwriting

- Key assumptions provided by the developer partner, acquisitions team, and market study/appraisal can be informed by Asset Management data
 - Market
 - Rental Rates (including amenity analysis)
 - Expenses
 - Property Manager strength/performance
 - Guarantor strength (financial & portfolio performance)
 - Construction period and lease-up absorption
 - Capital contribution conditions

- Asset Management can help to ensure all parties agree to the structure of the deal prior to closing to limit variances in expectations after closing

Monitoring

- After the deal closes, asset management will proactively monitor the portfolio through construction, lease-up and stabilization.
- Based on the analysis of data received from the property, issues can be identified and addressed.
- At this stage, Asset Management will be overwhelmed with data and tasks. Value is created by Asset Management's ability to prioritize and sift through the data and identify clues that could be utilized to pinpoint issues, concerns, etc.
- Based on those clues, the Asset Manager must balance its role by not overburdening the developer with questions, but also providing information to the investor.

Changes in Deals Post-Closing

- Undeniably, changes to deals come about after closing.
- Asset Management must obtain the data necessary to review the change in deal terms, which many times must be approved (either by the Fund Manager or the Investor).
- Asset Management's role is to analyze the data, understand the effects on the deal, and present the case to the Investor.
- Its important to ensure the changes do not increase the risk of the investment. If risk is increased, a sufficient mitigant must be identified.

Watch List / Workout Properties

- Asset Management's role is to identify the root cause of any asset's underperformance, confirm the resources available to address the issue, and develop and monitor a successful corrective action plan.
 - Due Diligence/Data needed: 1) relationship of vested parties, 2) property-level financial information, 3) physical condition of asset, 4) market conditions, 5) investor benefit stream, 6) legal documents, etc.
 - Financial Analysis: The goal of the financial analysis is to understand the current property financial position and sources available to resolve issues. The main outcome of the financial analysis should be creating a uses statement to resolve the issue of underperformance.
 - Corrective Action Plan: In addition to identifying the sources to correct the issues at the property, the action plan should provide a reasonable basis for the plan, a contingency plan, and an outline of the worst case scenario if the plan is not achieved.