



Standard Management Company

Property Management, Asset Management, Acquisitions, Sales, and Financing

Established 1961

July 2006 - June 2007 SMC Newsletter

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Dear Friends,

Standard Management Company would like to welcome Jason Wallace, General Counsel and John Rachlin, Associate Counsel to our team. Both Jason and John have between 20 and 25 years of experience in the Real Estate Industry. They have integrated well with the Standard Management team leaving me time to do what I like to do best, "wheel and deal." Standard Management Company has stepped up its effort to find promising investments as a result of current market conditions. If you would like to be placed on our investor list, please contact Cindy Anderson, at ext. 306.

--Samuel K. Freshman, President--

New Acquisition

We continued to find value in the Bakersfield area during the past year with the purchase of the Branch Warehouse facility in Bakersfield. The site, which is adjacent to Highway 99 in North Bakersfield has good long-term redevelopment potential, and is currently leased to Branch Warehouse, a commercial logistics and warehousing company. The property, which features about 10 acres of excess land, was purchased at a 7.5% capitalization rate on \$0.15/month rents. Market rent for larger warehouse spaces in Bakersfield is \$0.20-\$0.25. Total price was \$6,000,000 or \$24 per square foot versus \$60 per square foot replacement cost.



Standard Buys 32-Acre Bakersfield Industrial Site

1031 Advisory Service

Over many years, Standard has assisted clients with their 1031 Exchanges. Standard provides a 1031 Advisory Service customized to the needs of high net worth individuals and families, as well as sourcing and structuring of proprietary transactions that can provide significant tax advantages, often with much lower front-end fees when compared to alternative approaches. Most importantly, Standard brings over 45 years' experience in real estate investment to bear on our client's needs. Emphasis is on reducing risk and controlling costs while positioning investors to benefit from positive trends such as population, employment, and income growth.

Future Shopping Center Development



Almond Harvest Results Exceed Expectations

Two years ago Standard purchased a 46-acre commercially zoned property in Shafter, California for future shopping center development. The property, which fronts a State Highway and a major county road connecting Shafter to West Bakersfield, is currently improved with a seven-year-old almond orchard. Standard hired Hein Ranch Company, based in Visalia, to manage the farming operations. In the first year of operation, Standard received over 100,000 pounds of almonds, resulting in a yield of better than 5% on this all-cash purchase and holding.

Entitlement and Development

Eighteen months ago our affiliate, Standard Capital, purchased a former fruit packing warehouse in Winters, California. Standard had determined that the City wanted this area redeveloped. In June 2007, after a series of Planning Commission and City Council meetings, and negotiation of a development agreement, Standard received full project entitlement for 24 townhomes, four affordable housing units, and nine professional office suites. Standard is eligible for City redevelopment funds and would build the project by using a local builder.

Asset Management

Standard Begins Turn-Around Apartments

A Standard client had purchased a 120-unit apartment project in the Phoenix area as part of a 1031 Exchange. Although she had several million dollars invested, she was generating no cash flow. On our recommendation Standard Capital was hired to perform an evaluation of the property and, later, to become its asset manager. Standard hired a local IREM-certified Accredited Management Organization; the owner had been self-managing the property using the same on-site staff that worked for the prior owner. Most of this staff has been replaced and the property is using institutional-grade accounting systems with better cost controls. Working with the lender, Standard was able to access reserve funds the owner was not aware of to make substantial repairs that were needed, without any out-of-pocket cost to the owner. In the coming months, we expect the property to generate enough cash flow to begin making distributions to the owner.



Lancaster Ohio, Shopping Center Development

Lancaster Mobile Home Estates LLC has a vacant nine acre parcel in front of its 370-pad mobile home park in Lancaster, Ohio. A Wal Mart/Menards power center, and proposed major Target retailing center are all within one-half mile of the property. We are conducting feasibility studies to identify the maximum potential of the development. The property will accommodate up to five free-standing restaurant pads, or up to 70,000 SF of retail space. Annual investor distributions already exceed the original equity investment.

Las Vegas Apartment Occupancies

Our Las Vegas, Nevada apartment portfolio continued to outperform the market during the first half of 2007. The 1,162 units averaged 96% physical occupancy compared to a 92% average reported by CB Richard Ellis for Class B properties in the Las Vegas metropolitan area. Our commitment to provide the highest level of resident satisfaction through on-going unit and property upgrades, and an eye to curb appeal, have contributed to this success.

Standard Increases Office Park Occupancy

VTA Oklahoma City LLC retained the services of Standard Management in July 2005 to manage and lease the Shepherd Mall Office Park, a 710,000 SF facility in Oklahoma City, Oklahoma. Standard's efforts have increased occupancy from 84% to 93%, revitalized the exterior of the property with landscape, paint and lighting upgrades, and modernized and upgraded the interior to reflect the needs of the tenants and their employees. Cash flow from operations and value have shown a steady rise for the past two years.

Sanderson Plaza Grows

At Sanderson Plaza, in Hemet, California Standard Management Company has developed parcels for the Social Security Administration and a Rite-Aid Drug Store. A 50,000 SF lease has recently been signed with LA Fitness, and construction has begun on their facility. Another parcel is going under contract to a national restaurant franchise, and the final parcel, capable of holding a 6,000 SF building, will finish the project.

Marketing The Shops At Lane Avenue

CB Richard Ellis/Capital Markets in Chicago, IL has been retained to assist in marketing The Shops at Lane Avenue, an 180,000 SF upscale life-style shopping center located in Upper Arlington, Ohio, a suburb of Columbus. The recent repositioning of this long-held asset has attracted an eclectic mix of national retailers and restaurants, which have assisted in the enhancement of the value of the investment. In a “no price” listing, offers were solicited and received in excess of \$44 million against a present capital investment of \$22 million.

Lakeside Restaurant Receives Rave Reviews

The Bistro Provence, a French restaurant and recent addition to the Lakeside Shopping Center in Burbank, California has been showered with rave reviews for its cuisine and decor. The establishment has brought patrons to Lakeside for a delightful dining experience. The operator has experienced such success that he has decided to open an Italian restaurant, Lucas Trattoria, in another space at Lakeside.

Condo Conversions

Standard is processing the conversion of a high-end luxury apartment building on the Westside of Los Angeles. The building which was acquired within the past 18 months has increased about 20% in value (\$12,000,000 original cost and \$15,000,000 current offer) and the equity has increased about 40%. The conversion will further dramatically increase the value of this property. This project joins a long stream of condo conversion experience including the mapping of several hundred units in Las Vegas within the past several years. Standard’s first conversion was more than 20 years ago on a 100+ apartment project in West Hollywood, California.

Syndication Principles Receives 5 Stars

Amazon.com has awarded 5 stars to “Principles of Real Estate Syndication” by Standard’s President, Samuel K. Freshman. This new third edition brings his book up-to-date, which was originally published in 1971 with the last edition being 1973. The 1973 edition book has been selling on eBay for up to \$250.00. The current edition is available for \$69.95 plus sales tax of 8.25% and \$5.00 shipping, for a total cost of \$80.72 from the publisher at (310) 854-0705. It is also available at Amazon.com for about \$52.00, plus shipping. There are 13 reviews on the Amazon website, all of which rate the book 5 stars. For more information, visit www.Amazon.com or www.syndicationideas.com.

Freshman To Be Featured At Syndication Conference

On Saturday, November 10, 2007, Mr. Freshman will be the principal speaker at a three-day syndication seminar sponsored by the Law Firm of Lerman & Lerman. Jeffrey Lerman, the senior managing partner of the firm, is a former general counsel for Standard Management Company. Mr. Freshman’s presentation will feature the Basics of Syndication, and how it operates in a business environment with special emphasis on financial structuring and creative financing. For information on the November seminar, contact Jeffrey Lerman at jeff@lermanlaw.com.

Other upcoming speaking engagements will be in the Fall to the real estate students at Northridge University, a seminar for the members of the Marina del Rey Reality Board, a seminar at six different Keller Williams’ offices on Syndication for Agents and Brokers, and a seminar in the Spring for YPO members. Mr. Freshman’s speaking engagements over the past twelve months have included:

Beverly Hills Bar Association	Real Estate Syndication
Beverly Hills Forum	Real Estate – Way to Wealth
British American Council	Real Estate – Way to Wealth
Investors Escrow	Syndication for Brokers
Stanford Jewish Alumni	Real Estate – Way to Wealth
UCLA	MBA Entrepreneurialship - Success Techniques
University West Los Angeles	Real Estate Investment Opportunities
USC	MBA Entrepreneurialship - Success Techniques



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Principles of Financial Independence

1. Personal purchases cost 60% more, as they are after tax.
2. Separate wants from needs.
3. Credit is for emergencies. Pay cash.
4. Windfalls are capital, not income. Capital is for wealth investment.
5. Put your own oxygen mask on first.
6. Inexpensive gifts can show you care. Expensive gifts give a false impression and are motivated by insecurity.
7. Do not forget taxes. Set aside taxes.
8. Debt is poison. It is negative. Debt prevents investing and financial independence.
9. Pleasure of luxury is short. Anxiety lasts.
10. Small savings over time are better to create wealth than big risks.
11. Never take a risk or purchase an item you can not afford.
12. Get gratification from relationships not material things.
13. Fight impulse purchases, resist gratification, invest.
14. Why are you shopping, know the reasons.
15. Buy what pays you, not what costs to carry.
16. Income \$1.00: spend 99¢ = happiness; spend \$1.01 = misery.
17. Ask, Ask. Don't expect.
18. Comparison shop first.
19. Buy wholesale whenever possible.
20. Do not buy labels, buy value.
21. Buy Pre-owned whenever appropriate.
22. Keep Price tags and receipts on impulse purchases until you determine if you are going to keep it.

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Selected Affiliations of Standard

- Institute of Real Estate Management
- International Council of Shopping Center
- National Association of Realtors
- Urban Land Institute
- Local Boards of Realtors and Apartment Owners' Associations