



Established 1961

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Standard Management Company

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

July 2007 - June 2008 SMC Newsletter

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Dear Friends,

A buying window is starting to open up. Every five to ten years, a buying opportunity presents itself. A good buyer's market is motivated sellers and attractive financing. The past seven years have featured low cost financing but few motivated sellers. Standard anticipates opportunities for real estate investments in the next twenty-four months. We have been contacting those who expressed interest in investments in the past to update our records. If you wish someone to contact you call Cindy Anderson at (310) 410-2300 x 306.

Humanitarian Award

The Southern California Chapter of the Anti Defamation League has selected Ardyth and Samuel Freshman to receive the annual Humanitarian Award at their Annual Banquet scheduled for December 10, 2008 at the Beverly Hilton Hotel.

The award recognizes Freshman's initiating and underwriting the Bearing Witness program for the past 5 years in L.A. The program is a partnership with the Catholic Archdiocese and trains parochial school teachers, seminarians, and priests to teach the holocaust and Catholic-Jewish relations. To be added to the invitation list call Cindy at (310) 410-2300 ext. 306.

Save the Date: December 9, 2008

Sam is one of several panelists at the annual UCLA Anderson School real estate investment symposium, entitled "Blood in the Streets—So Where are the Deals?," to be held December 9, 2008 from 6:30 to 9 PM. The event is free and includes light refreshments. For reservations call Jan Brzeski at (310) 410-2300 x322. Be sure to include your phone number, email (for directions) and contact information for all of the people attending in your party.

Las Vegas Portfolio Update

"Property (Mo. & Yr. of Purchase)"	Units	Approx. Purchase Price	Approx. value at 3/2006	Approx. value at 6/2008*
Cabana Club (Nov. 1996)	338	\$20,000,000	\$41,400,000	\$41,200,000
Sunset Pointe (Jun. 2002)	384	\$20,800,000	\$42,700,000	\$41,400,000
Galleria Palms (Sep. 2001)	216	\$13,000,000	\$25,900,000	\$23,900,000
Bay Breeze (Mar. 2001)	224	\$11,175,000	\$28,300,000	\$26,700,000
Total	1,162	\$64,975,000	\$138,300,000	\$133,200,000

Property	Approx. Loan at Purchase	Approx Equity at Purchase	Loan Balance 6/2008	Approx. Equity as of 6/2008
Cabana Club	\$14,975,000	\$5,025,000	\$19,854,357	\$21,345,643
Sunset Pointe	\$16,050,000	\$4,750,000	\$15,012,011	\$26,387,989
Galleria Palms	\$9,050,000	\$3,950,000	\$8,356,993	\$15,543,007
Bay Breeze	\$8,785,000	\$2,390,000	\$8,065,909	\$18,634,091
Subtotal	\$48,860,000	\$16,115,000	\$51,289,270	\$81,910,730

Refinance Proceeds**

\$4,879,357

Total Equity and Refinance Proceeds***

\$86,790,087

* Represents average of two opinions of value, after deducting 2% sales costs

** Cabana Club has been refinanced after purchase

*** Does not include cash distributions of 6% or more on original equity totaling more than \$7 million

Standard's Financing Activities



OH at a fixed interest rate non-recourse loan of 6.7% with Fannie Mae. Standard also increased its unsecured line of credit and lowered the interest rate from 185 basis point libor to 150 base points over libor. A number of mezzanine and equity loans were completed on behalf of clients and Standards' financing services continue to be offered directly and in association with Allied USA Corporation (see related article).

Current Leases Made by Standard in a Tough Market

McHenry Village, Modesto, California: CVS pharmacies at 13,000 SF, Classic Homes at 5,600 SF and David & Grace Boutique at 1,400 introduce 20,000 SF of new merchants to The Village. The traffic generated by these tenants will keep McHenry Village at the forefront of Modesto retail.

Lakeside Shopping Center, Burbank, California: A successful restaurateur is opening a second location, Lucas Trattoria at Lakeside. Fine Italian cuisine will now compliment an existing French themed restaurant, Bistro Provence. Jenny Craig and Nail Garden, a nail and spa boutique, enhance the appeal of Lakeside to the residents of Burbank and Toluca Lake.

Northgate Plaza, Carson City, Nevada: The State of Nevada leased an additional 20,000 SF. The State has been a tenant of Northgate for over 20 years. Harbor Freight, the working mans tool store, opened a 12,700 SF store in September 2008. Harbor Freight anticipates that this store will generate sales and traffic to be within the top ranking for its region of this 500+ hardware store chain.

Shepherd Mall, Oklahoma City, Oklahoma: Corporate giant EDS, is leasing 17,000 SF, Farmers Insurance Exchange, renewed a 100,000 SF lease, and the State of Oklahoma is leasing in excess of an additional 25,000 SF. Since Standard assumed management and leasing responsibilities for The Shepherd Mall, a 700,000 SF office park that was originally developed as an enclosed retail Mall, Standard has leased more than 90,000 SF and increased the value of the asset by \$10,000,000 in the past three years.

Despite lenders exiting the loan market Standard has been successful in meeting its internal financing objectives over the past six months. Placements include the financing of a L.A Fitness facility (see article elsewhere) recently completed at a fixed interest rate below 6% for ten years at 70% of value on a non-recourse basis and the refinancing of approximately a 400 space mobile home park in Lancaster

New Mortgage Affiliate

Standard welcomes Richard Zelle and Allied USA Corporation to their new offices adjacent to Standard Management Company. This move facilitates the interaction between both companies in meeting the needs of their respective clients for both debt and equity. Sam and Richard have worked together for over 30 years in the placement of debt and equity for their clients. Standard in some circumstances acted as lender and in others as co-placement agent with Allied. A complete list of past and current Allied projects can be secured by emailing Len Triester at let@alliedcompany.com. A summary of individual creative financing cases can be secured by emailing Cindy Anderson at canderson@standardmanagement.com.

Another Strong Year for Shafter Almond Orchard

Our almond orchard in Shafter, California produced over 120,000 pounds of almonds in in 2007, a record for the property. Raw Almonds sell for an average of \$2 per pound. We purchased this property about three years ago. It is inside the city limits, fronts two busy roads, and is zoned for a future shopping center. The property is achieving a cash-on-cash return of about 7%.

Sam Freshman Helps Train a New Generation of Real Estate Investors

Mr. Freshman was a lecturer in February in a new UCLA Extension Course entitled "Real Estate Investment Case

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Sam Freshman Helps Train a New Generation

Studies”. The program was organized by Jan Brzeski, principal of Standard Capital. The course introduced the principles of value-oriented income property investment and provided a framework performing financial analysis of potential acquisitions through examples of actual properties purchased by Standard Management Company. The 40 students in the class included professionals from Westfield Corporation, Goldman, Sachs & Co., AIMCO and a variety of other real estate companies. The course was ranked in the top 10% out of 19 real estate courses offered by UCLA Extension. If interested in participating in this course next year, you may contact Jan Brzeski at (310) 410-2300 x322 or at jbrzeski@standardmanagement.com.

Sam will be speaking at Pepperdine, Cal State Fullerton, and conducting his MBA mentoring classes for UCLA and USC graduate students in 2009. To attend, contact Cindy at 310.410.2300 ext 306.

\$293,000 returns \$900,000

Standard Management Company and Southland Development Company have sold a parcel of land in Hemet, California to IHOP at a price of \$29.99 per square foot. The total center includes a Rite Aid pharmacy, Social Security Administration building, and an LA Fitness facility.

The IHOP parcel, which was sold for \$900,000, consists of 30,013 square feet of land. The total cost to the sellers was approximately \$293,000, consisting of the land purchase price and site development costs. The internal rate of return on the investment was approximately 15% assuming all land improvement costs were incurred at the original purchase date in mid-2001. The IRR is actually higher as improvement costs were incurred over a period of time.

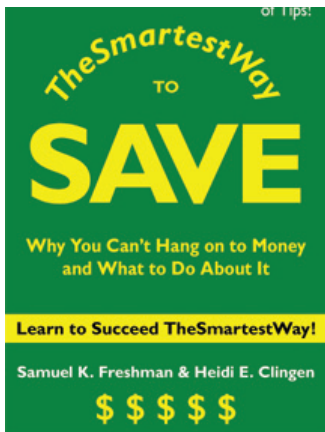
Standard Management continues to search for commercial development acreage, that can be purchased at prices that may produce similar gains over a 5-10 year holding period.



Broker Compliments Standard

The following is an e-mail received in response to an offer made on some shopping centers in October 2008:

“I just called the broker for the shopping centers. You will recall that we put LOIs on these properties approximately 2 weeks ago. The broker says that although they are still waiting for more offers to come in, he does not feel that your offers will be competitive at these prices. He says that the sellers are not in any considerable amount of distress and he doubts that either property will trade this year. However, he did speak highly of Sam Freshman and said that we are entering into the type of market where **Standard** shines.”



TheSmartestWay™ to Save

Samuel Freshman and Heidi Clingen have finished, “TheSmartestWay™ to Save” – Why you Can’t Save and What to Do About It”, the first of “TheSmartestWay Series”™ of books on how to succeed.

Copies may be ordered through any book store, Amazon.com, Barnesandnoble.com or theSmartestway.com. For volume prices contact Heidi Clingen at sales@thesmartestway.com. Sam will be appearing on the Money Confidential show (Channel 36, Los Angeles broadcast channel) on Wednesday, November 12, 2008 to discuss the book. The authors are available to speak to groups about how to save and one on one coaching.

The 25 “Principles of Financial Independence” are the basis of the first book and appeared in the last issue of our newsletter. “More Principles of Financial Independence” is included in this newsletter and will be discussed in their new book, “TheSmartestWay™ to Save More” which is scheduled for next summer publication.



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How to Save More - More Principles of Financial Independence

1. Never quit your present job until you have a replacement.
2. Don't buy a new or replacement item until you've paid for the last one.
3. Never rely on promises, windfalls, or inheritances.
4. A transaction is not completed until the money is in your account.
5. If you're expecting to receive extra money, plan for it in advance.
6. Time is money.
7. Your most important resource is your health. Pay attention to it and give it priority.
8. Know what your addictions and weaknesses are.
9. Practice visualizing your goals.
10. Accomplish at least one act everyday that carries you towards them.
11. Learn to think in alternatives.
12. Learn to shop on sale days and at clearance sales.
13. Be familiar with all of the pre-owned merchandise stores in your area.
14. If you're using something on only a few occasions, borrow it (preferable) or rent it.
15. Become familiar with barter.
16. Use generic and house brands wherever there are major savings.
17. Buy the size product that is appropriate for your use.
18. With respect to major items, such as refrigerators and furniture, compare the cost of repair and renovation.
19. If you are a renter, rent by the month not by the week.
20. Don't rent anything you intend to keep and use often, buy it instead.
21. Use the doubling up concept wherever you can.
22. Sharing a home or an apartment can result in great savings.
23. Do you and your partner both need a car, or can one of you rideshare to work?