

SUMMER 2011 NEWSLETTER

LETTER FROM SAM



Dear Friends,

Declining rents and occupancies are creating stress on real estate values and operations for many in the industry. Despite high unemployment and volatility in the credit and stock markets, aggressive leasing and management has enabled us to stabilize our portfolio and maintain positive cash flow.

See the articles on our leasing progress, refinancing, and lending activities in this newsletter.

I want to extend my personal invitation to all of our friends to participate in the Stanford Hall of Fame dinner to be held at the California Club in downtown Los Angeles, October 28, 2011. See the following SPIRE article below.

Best Regards,

Samuel K. Freshman

SPIRE EVENT

Sam Freshman, founding member and co-chairman of the board of Stanford Professionals in Real Estate (SPIRE), will welcome attendees and preside over the Stanford Real Estate Hall of Fame banquet, in Palo Alto on September 30, 2011, and at the California Club in Los Angeles October 28th, 2011. The banquet will be honoring the successful real estate careers of Stanford graduates Don Koll and William Wilson III. Don Koll is notable for founding the Koll Company in Newport Beach, a regional general construction firm that currently owns and manages over 6 million square feet of office space across the Western United States and Mexico. Wilson is well

respected for his founding of noteworthy commercial real estate companies and projects in the Bay Area.

SPIRE provides a forum for professional development for Stanford alumni involved in the real estate industry. SPIRE has a world-wide membership of nearly 1,000 members and promotes professional networking and development in the real estate business. All those who wish to better meet and network with California real estate industry leaders are welcome. You do not have to be a Stanford graduate to attend.

Please see the invitation inside for more information.

MIDWAY SQUARE SHOPPING CENTER BRIDGE LOAN PAYS OFF PROFITABLY

In our last newsletter, we featured a bridge loan secured by a shopping center in Elyria, Ohio. That loan has now paid off after the borrower refinanced the loan with a local bank, generating an annualized yield of 20.2% over the five month holding period. This investment is representative of what Standard Management and our affiliate Arix Capital intend to do in commercial real estate bridge lending fund. The loan amount was less than 50% of the purchase price for this property, providing a very attractive margin of safety during the course of this investment.

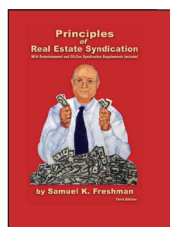


Midway Square Shopping Center - Elyria, OH

PUBLICATIONS AVAILABLE ON AMAZON.COM

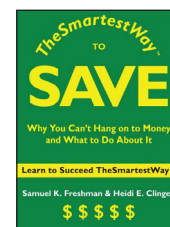
“PRINCIPLES OF REAL ESTATE SYNDICATION”

Sam Freshman's book, "Principles of Real Estate Syndication" continues to be the leading book on group investing in Real Estate and has been revised to include information on tenants-in-common (TICs) as well as recent developments in taxation and securities law affecting real estate syndicates.



“THE SMARTEST WAY TO SAVE: WHY YOU CAN'T HANG ON TO MONEY & WHAT TO DO ABOUT IT”

Sam Freshman's newest book, "The Smartest Way to Save: Why You Can't Hang on to Money and What to Do About It" is a must-read for all those consumers wanting to improve their lives through easy-to-follow money management principles.





McHenry Village Shopping Center - Modesto, CA

- New developments are taking place at the Norris Road location in Bakersfield. After evicting a defaulting building tenant, Standard has started renovating the 270,000 square foot Norris Road facility. 156,000 combined SF have been leased to American Tire and a regional agricultural company. An additional 91,000 SF are in negotiations with another local Bakersfield agricultural company for October 2011 occupancy.
- Sunflower Markets has leased 47,000 SF at McHenry Village Shopping Center and intends to be open to the public by October 2011. Sunflower Markets is a Colorado based supermarket chain specializing in organic and health related foods and ancillary items. This tenant will create an increase in the foot traffic to the center. OnTheRun is another new lease at McHenry specializing in athletic and running shoes. Also at McHenry, leases for a buffet and a fitness club are under negotiation.
- Lakeside shopping center remains 100% leased.
- Shephard Mall, a 750,000 square foot multi-tenant complex in Oklahoma City is approaching 100% leased.
- Portofino Office building is currently 100% leased in Pasadena, California.
- Rosedale Shopping Center has four new leases: State Farm Insurance, Fashion 4 Less, T-World and Sleep Center Shop.

Standard Management is processing loan requests as follows:

- The construction of a 143 Unit Luxury Condominium Project on a 20 acre site on the shores of South Lake Tahoe, Nevada. The project will include extensive amenities and a 43,000 square foot beach front Clubhouse and Pier. Construction is anticipated to begin in the first quarter of 2012.*
- Construction of a 100 unit affordable multi-family apartment project in Fontana, California. The project will feature family oriented amenities, including a Club House, swimming pool, and youth oriented facilities. This project is intended to fill a need for affordable family units in the City of Fontana.*
- Financing of a 40 unit apartment project in Beaumont, California with Fannie Mae. The project, newly constructed, is 100% rented.*
- Financing of a 144 unit apartment project in Cedar Creek, Texas with the US Department of Housing and Urban Development. The project, family oriented, with many amenities, is located on a tract adjacent to a newly constructed public high school.*
- A Joint Venture Partner for the development and construction of three major Outlet Malls for one of the nation's most successful Outlet and retail shopping mall owners. The locations are in California and Missouri and will feature some of the leading retailers in the country;**
- Acquisition loan for a 173,000 square foot office park in Denver, Colorado;**
- A refinance of a four acre light industrial park in Gardena, California;**
- A joint venture on a 295 unit portfolio of 12 apartment buildings in Koreatown, Los Angeles;**
- Refinancing of a student housing project of 76 units in Tempe, Arizona;**
- A mezzanine loan for a 700 plus mobile home park in Florida

** with RMZ Associates*

*** with Arixa Capital Advisors, LLC*

TRUST DEED INVESTING FAQ AVAILABLE

Jan Brzeski, recently created a comprehensive Frequently Asked Questions (FAQs) about investing in real estate loans (also known as "Bridge lending" or "trust deed investing"). His goal is to de-mystify the strategy of investing in real estate loans as opposed to buying real estate itself. By providing loans that bank's aren't able to make, investors are earning attractive yield with a healthy margin of safety. However, this strategy requires real expertise and has both disadvantages as well as advantages over tradition real estate investing, such as buying and operating apartment buildings. For a free copy, contact Jan at jbrzeski@standardmanagement.com.

**STANDARD'S VEGAS, PASADENA AND BEVERLY HILLS
PORTFOLIO'S OUT PERFORM THE MARKET**

A recent CBRE report gives the overall vacancy rent for the metropolitan area of Las Vegas as 9.1%. Standard's portfolio currently is as follows:

- Bay Breeze (Henderson market area) has a 4.46% vacancy rate and Galleria Palms has a 3.7% vacancy rate. Both properties are outperforming the region in every respect. In the Southwest market, near the Las Vegas airport, Cabana Club vacancy rate is 4.14% and Sunset Pointe vacancy rate is 6.99%.
- The Las Vegas market remains highly volatile with unpredictable swings in market rents and concessions. Standard is using outreach market campaigns as merely placing advertising in the newspaper rental magazines no longer is an effective way to market. All of our Las Vegas properties are highly active in social media including craigslist, facebook and twitter on a daily basis. We are directing a major portion of our advertising expenditure to the internet and utilizing our websites to enhance our marketability. Each site has a video presentation of properties, three dimensional floor plans and an application form.
- Mar Vista Apartments in Pasadena, California has 2.9% vacancy rate versus the local markets 6.5%
- Maple Drive Apartments in Beverly Hills has a 2.2% vacancy versus the local market's 9.1%

SAM FRESHMAN'S SPEAKING ENGAGEMENTS

If your organization is intersted in having a speaker from Standard Management Company on syndication, real estate investing, real estate financing, real estate career development, or insurance and real estate planning please contact Cindy Anderson at (310) 410-2300 ext. 306.

April 14, 2011: Guest Speaker, UCLA Real Estate Mentoring Class

April 21, 2011: Guest Speaker, LA County Bar Mentoring Class

May 21, 2011: Panelist, Real Estate Syndication Summit,
Luxe Hotel

UPCOMING

September 24, 2011: Speaker & Moderator,
Real Estate Syndication Summit,
Dynamics Capital Group, Luxe Hotel

September 30, 2011: Event Presentor,
SPIRE Hall of Fame Banquet
Stanford Alumni Center on Stanford Campus

October 28, 2011: Event Presentor,
SPIRE 2nd Hall of Fame Banquet,
California Club in Downtown Los Angeles

- Elm Drive in Beverly Hills is 100% rented

SPIRE EVENT INFORMATION CONTINUED FROM FRONT PAGE

The **SPIRE Board of Governors & Board of Directors**
in conjunction with
Stanford Management Company
proudly invite you to participate in two special events to honor
Mr. Don Koll
&
Mr. William Wilson III
as the inaugural induction class for the
Stanford Real Estate Hall of Fame

Stanford Hall of Fame Induction Banquet
Friday, September 30, 2011
6:30 p.m. cocktails; 7:30 pm dinner
Frances C. Arrillaga Alumni Center
Stanford University

Southern California Hall of Fame Banquet
Friday, October 28, 2011
6:30 p.m. cocktails; 7:30 pm dinner
The California Club
538 South Flower Street
Los Angeles, California



STANFORD MANAGEMENT COMPANY

Cocktail attire please.

Capacity is limited. RSVP today to secure your attendance.

See reverse side for event pricing and attendance options.

**Sponsorship Opportunities for the
Stanford Real Estate Hall of Fame Banquets**

\$50,000 Presenting Sponsorship:

- Naming rights to the Hall of Fame dinner
- VIP premier tables of 10 each, VIP reception
- Back cover of tribute program and 1 page of inside copy
- Appropriate recognition at the event and on the website
- Cross promotional media exposure with media partners

\$30,000 Platinum Sponsorships:

- 2 VIP tables, VIP reception
- Inside front cover of tribute program
- Appropriate recognition at the event and on the website
- Marketing materials distributed to Council members
- Cross promotional media exposure with media partners

\$10,000 Gold Sponsorships:

- VIP table and VIP reception
- Page in the tribute program
- Appropriate recognition at the event and on the website

\$5,000 Silver Sponsorships:

- 1 table of ten, 2 tickets to the VIP reception
- Page in tribute program & recognition on the website

\$1,000 Friends of SPIRE:

- 1 VIP ticket and VIP reception
- 1/4 page in the tribute program and website

\$495 Individual tickets

A combined event program will be distributed at both events. Advertising in the program is available. For more information on advertising and on the sponsorship packages above, please contact Heidi Nietert (hniertert@spirestanford.org).



Standard Management Company
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Los Angeles, CA 90045



How to Raise Capital for Your Next Deal:

We will be teaching you in detail step-by-step how to raise money from your friends and family, financial advisors as well as Wall Street Firms

September 24th, 2011 8:00 am-12:00 pm at the Luxe Hotel - Brentwood, LA

12:00-1:00 pm: Exclusive Networking Opportunities with the Speakers and Each Other
4 hours of CE credits for CPAs

There are 1.4 trillion commercial real estate loans are due for refinance the next 30 months. Most of them will not be eligible for refinancing because the values of the properties have dropped drastically, the lender have stricter underwriting and due to tight credit market condition.

They have 4 options:

1. Short Sales with the cooperation of the lender
2. Give them back to the lender or lose them in foreclosure
3. Sell them at a discount
4. Put down more money so they need more capital

This will create opportunities for you and for me. They need to raise money, they need partners, and they need syndication. That's why we are holding this Syndication Summit.



Karim Jaude



Bill Wolf



Luke McCarthy



Sam Freshman



Bill Capps



Dan Harkey



Brian Rabinovitz

Register Today!

\$385 until September 16th
\$425 until September 23rd
\$465 after September 23rd

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