



Acquisitions and Sales
Property Management
Asset Management
Financing

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Established 1961

SUMMER 2014 NEWSLETTER

LETTER FROM SAM



Dear Friends,

This will be the last snail mail edition of our periodic newsletter. We currently have over 6,000 names in our database. For many of these names we have email addresses but for many we do not. Henceforth the newsletter will be sent out by email and if you want to continue receiving the newsletter please confirm your email address by contacting Margaret Swift at mswift@standardmanagement.com with "Newsletter" indicated in the subject field. You may also contact Michael Schoellhammer at mschoellhammer@standardmanagement.com with any comments, suggestions, or opinions for the newsletter. If there is anyone you think

would like to receive it and feel it may be helpful to them, email mswift@standardmanagement.com with their name and email address or have them contact us.

We continue to improve and expand our gap and bridge lending capability. To better serve you we have added three new executive members, Nancy Kresek as Senior Vice President and Controller, Michael Schoellhammer as Associate Counsel, and Kari Horii as multi-family Regional Property Manager. You will find a short resume on each elsewhere in this newsletter. We are also still interested in and aggressively pursuing the acquisition of major income property particularly in California and Nevada.

Note the upcoming events I will be presenting: The 10th Annual Real Estate Syndication Summit presented by Dynamics Capital Group on July 19; Creative Financing Conference on September 16; SPIRE (Stanford Professionals in Real Estate) Real Estate Hall of Fame Induction Banquet at the California Club in Los Angeles on October 29; SPIRE Real Estate Hall of Fame Honors Banquet at the Stanford campus on November 14.

Best Regards, Samuel K. Freshman

OBSERVATIONS FROM THE 2014 ICSC CONFERENCE

1. Consensus carries over from last year that interest rates will stay at present low levels for the next two years. However, I would not rely on this and recommend converting all floating rates where possible to fixed and locking in where appropriate.
2. Life insurance companies are being more competitive with the agencies and are offering availability of longer terms (at more reasonable rates) than we have seen in the recent past. CMBS is not only available but becoming aggressive.
3. Cap rates are at historical lows with prices for well-located property very high. I recommend that you sell now if you are so inclined but keep in mind inflation is coming and if you are concerned about the long-term value of your dollar you should stay in the game and not shift to fixed income.
4. Some retailers are expanding while others are contracting and reducing size. It is hard to get a handle on whether there is a net footage gain.
5. Attendees were generally optimistic about midterm prospects for retail although there are those who have concern about internet competition. Many are watching what progress can be made on taxing internet transactions to provide a "level playing field."
6. Attendance was reported at about 30,000 but the aisles seemed to be less crowded than in the past and there was a cut back in booth sizes and definitely less exhibitors at the Trade Show. The feeling was the same in the Leasing Mall. Most definitely dissatisfied in the goodies and giveaways. I shipped back about 1/3 of the amount I normally do.
7. At the show I accomplished a great deal and found the convention to be very productive to attend. In fact the more compact schedule kept me on my toes and there were several aisles I did not get a chance to cover.

Again, these are simply my own observations.

BOOKS TO HELP YOU SUCCEED

We have made a book list a regular feature in our newsletter. Here are some books that will help you to succeed in your endeavors:

1. *The Power of Habit: Why We Do What We Do in Life and Business* by Charles Duhigg
2. *Decisive: How to Make Better Choices in Life and Work* by Chip Heath and Dan Heath
3. *The Dynamics of Real Estate Capital Markets: A Practitioner's Perspective* by Bowen McCoy and Anthony Downs

STANDARD MANAGEMENT COMPANY LOAN PROGRAM

We provides loans on properties secured by first trust deeds. These loans have been producing approximately 7% to 9% returns for investors. Several loan requests are currently being processed:

1. Quick close on an investment condominium in Las Vegas. Standard's loan is approximately 50% loan-to-value.
2. \$13.5 million for the acquisition of an 800,000 square foot shopping center in Ohio with an occupancy of approximately 62%. The borrower has a long track record of leasing vacant shopping center space and has already increased NOI.
3. \$6 million for the construction of condominiums in Pasadena, a 40% LTC, 25% LTV loan.
4. \$3.8 million to reposition and lease a shopping center in Ventura, California.
5. \$3 million to finish a luxury home in Salt Lake City, Utah. Standard offers loans from \$1 million to \$50 million; up to 65% LTC; 7.5% to 9.75%; 1 to 5 year term; recourse. If you need a loan give us a call! (310) 410-2300 ext. 322

13 SECRETS TO SUCCESS

1. How you think is everything. You become what you think about and thinking will focus your actions on the subject.
2. Decide upon your goals. Goals should be what you spend most of your thinking time on. Define them objectively and set a time for accomplishment.
3. Act upon goals throughout every day. Have a written action plan with dates for accomplishments.
4. Continue to learn. Take classes, read books, acquire skills.
5. Be persistent and work hard. Get up early.
6. Plan your day, week, and year.
7. Analyze details. The winner in most every negotiation is the one most prepared. Set out a list of information you need to acquire for your project to be a success, continue to ask questions and determine every detail that needs to be checked to be sure you are on the right track.
8. If you do not find problems you have not looked enough. The secret to success is identifying problems and determining if you can correct them.
9. Focus resources and your time.
10. Be creative, consider alternatives.
11. Communicate effectively orally and in writing. Motivating others requires you to understand their goals rather than your own. Listen more than talk. Do not be afraid to ask questions when you do not know the answer.
12. Be honest and protect your reputation, the only thing that cannot be taken from you.
13. Promise less and deliver more.

Last print edition of the newsletter. Future editions will be digital.
Email mswift@standardmanagement.com to be added to the digital distribution.

RECORD VALUES FOR SAN JOAQUIN FARMLAND

Standard acquired an orchard in Kern County in 2005 for a future shopping center. With the rise in almond prices, annual net income has averaged approximately 12% of the cost basis. 2014 saw San Joaquin Valley land hit record high values. Last year we signed a lease with a major oil company to use a corner of the orchard, further increasing the return on investment.

SAVE THE DATE 2014 STANFORD REAL ESTATE HALL OF FAME EVENTS



OCTOBER 29TH

Stanford Real Estate Hall of Fame Induction Banquet
 California Club | Los Angeles

NOVEMBER 14TH

Stanford Real Estate Hall of Fame Honors Banquet
 Paul Brest Hall | Stanford University

For information regarding attending or sponsorship please contact Stephanie Wither, Member Services Coordinator at swither@spirestanford.org or visit www.stanfordrehof.org



Bob Lowe (MBA '64)

Founder, Chairman and CEO of Lowe Enterprises, Inc., a privately owned national real estate company active in commercial, hospitality, and residential assets.



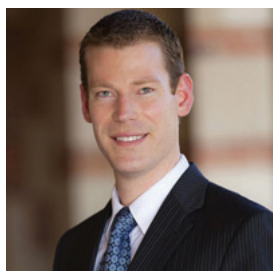
Tad Taube ('53, MS '57)

Founder and Chairman of Woodmont Companies, a diversified real estate investment and management organization, and prominent Bay Area philanthropist.

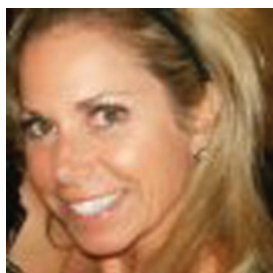
SMC HIRES NEW CONTROLLER, ASSOCIATE COUNSEL, AND REGIONAL PROPERTY MANAGER



Nancy Kresek joined SMC as Senior Vice President and Controller. Formerly, Nancy oversaw accounting teams for a REIT with over \$3 billion in assets and over 380 properties. She has served as Chief Financial Officer of SCI Real Estate Investments, LLC, Angelo & Maxie's Inc., AM-CH, Inc., and Maverix.net, and has held other senior financial roles including Vice President, Finance and Administration for LRN, and Vice President Investment Administration and Accounting for Equity Group Investments. Ms. Kresek has over twenty years experience in real estate. She holds an M.B.A. in Finance from DePaul University, a B.S. in Accounting from St. Joseph's Calumet College, and is an Illinois Certified Accountant.



Michael Schoellhammer serves as Associate Counsel and Loan Coordinator for SMC. His responsibilities include identifying properties to acquire, underwriting, due diligence, valuations, and legal documentation of SMC's investor syndications. He coordinates SMC's gap and bridge lending program (described elsewhere in the newsletter). Michael came to SMC from a real estate private equity fund and was previously a financial analyst at Griffin Industries. During law school he was an intern in the Enforcement Division of the US Securities and Exchange Commission and a law clerk at Kabateck Brown Kellner, LLP. Michael earned a J.D. from Loyola Law School, an M.B.A. from the UCLA Anderson School of Management and a B.A. in Economics from UC Irvine.



Kari Horii has come on board as SMC's multi-family Regional Property Manager. She has worked in the multi-family industry for 22 years. She has held many different roles including Marketing Director, Corporate Housing Administrator, and specialist in leasing new multi-family projects. Most recently she served as Managing Director at Thomas Safran & Associates. Kari has been Community Manager the Year, named by the Apartment Association, California Southern Cities, Inc. She is an avid skier and runner and recently completed her first half marathon finishing with an impressive time of two hours and 27 minutes. She is happily married with four children and just recently became a proud grandmother.

LIFE'S JOURNEY

Life is like a journey on a train. You boarded the train and believed that your parents would always travel with you, but at some station our parents step down from the train, leaving us on this journey alone. Other people will board the train – siblings, friends, children, and even the love of our life. Many will step off. This train ride is full of joy, sorrow, fantasy, expectations, hellos, goodbyes, and farewells. Success requires that we give the best of ourselves to each other. We do not know at which station we will step off. Love, forgive, and offer the best of who you are. Leave behind beautiful memories for those who will continue on the train of life and do not forget to thank God for the journey! I wish you joyful travels and thank you for being a passenger on my train!

NEVADA PORTFOLIO REACHES 99% OCCUPANCY

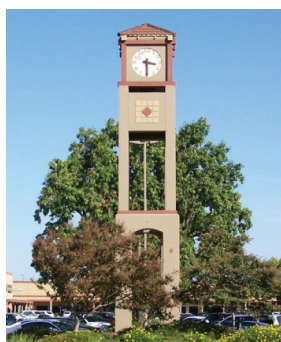
SMC owns and manages five multi-family properties in Nevada consisting of 1,438 units located in Las Vegas, Henderson, and Reno. This summer occupancy across the portfolio reached 99% thanks to our focus on customer service and making leasing easy for our staff and tenants.

NEW ACQUISITION

We are under contract to purchase an apartment community located in Sparks, Nevada. If you are interested in investing in our latest acquisition, please contact Michael Schoellhammer at mschoellhammer@standardmanagement.com or call him at (310) 410-2300 ext. 322 for more information.

LEASING ACTIVITY

We executed a number of new leases at our shopping centers recently. Here is a list of our newest tenants!



McHenry Village

McHenry Village, Modesto, CA

Juline School of Dance - 12,000 SF - Dance Studio
Ditto's - 3,800 SF - Printing & copy service
Shoes That Fit - 2,800 SF - Shoe store
Gifts of Faith - 2,100 SF - Religious merchandise
Eyebrow Shapes Plus - 1,100 SF - Esthetician, threading, and beauty
Bianca's Bridal Couture - 1,600 SF
(6,500 SF total) - Bridal, prom, and gowns

Rosedale Village I - Bakersfield, CA

J's Place - 4,100 SF - Waffles & Southern restaurant
Ruben's Mariscos & Seafood Restaurant - 4,400 SF - Mexican restaurant

Code 3 Uniforms - 1,500 SF - Uniforms & accessories
CosmoProf - 2,500 SF - Professional beauty supply

Northgate Plaza - Carson City, NV

Family Athletic Center - 20,000 SF - Family activities
Anytime Fitness - 5,300 SF - 24-hour gym
Steve's Army Surplus - 1,500 SF - Military surplus
State of Nevada - 11,000 SF (74,000 SF total) - Office



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SPEAKING ENGAGEMENTS

If your organization is interested in having a speaker on any aspect of real estate please contact
Cindy Anderson at (310) 410-2300 ext. 306.

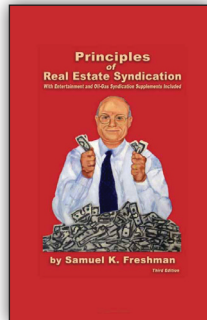
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|--------------|--|
| April 30 | The Yellen Years: What Will They Mean for Real Estate? - UCLA Anderson School of Management |
| June 17 | Interviewed by James Lowe of KJAG Radio about saving money |
| July 19 | The 10th Annual Real Estate Syndication Summit - Luxe Sunset Boulevard Hotel, Brentwood |
| September 16 | Creative Financing Conference - Sheraton LAX Hotel |
| October 29 | SPIRE (Stanford Professionals in Real Estate) Real Estate Hall of Fame Banquet - Los Angeles California Club |
| November 14 | SPIRE Real Estate Hall of Fame Banquet - Stanford Campus |

Last print edition of the newsletter. Future editions will be digital.
Email mswift@standardmanagement.com to be added to the digital distribution.

PUBLICATIONS AVAILABLE ON AMAZON.COM

"PRINCIPLES OF REAL ESTATE SYNDICATION"

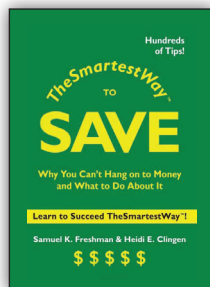
"Principles of Real Estate Syndication" continues to be the leading book on group investing in Real Estate and has been revised to include information on tenants-in-common (TICs) as well as recent developments in taxation and securities law affecting real estate syndicates. Purchase on Amazon.com.



"THE SMARTEST WAY TO SAVE:

WHY YOU CAN'T HANG ON TO MONEY & WHAT TO DO ABOUT IT"

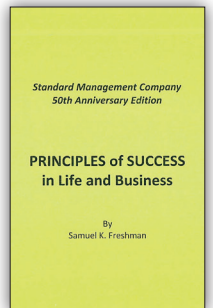
"The Smartest Way to Save: Why You Can't Hang on to Money and What to Do About It" is a must-read for those wanting to improve their lives through easy-to-follow money management principles. Purchase on Amazon.com.



SAM'S NEWEST PUBLICATIONS

"PRINCIPLES OF SUCCESS IN LIFE AND BUSINESS"

The PRINCIPLES of SUCCESS in Life and Business summarizes Sam Freshman's knowledge for achieving success. For a complimentary copy, contact Cindy Anderson at Standard Management: Phone (310-410-2300, ext. 306) or email canderson@standardmanagement.com.



"THE SMARTEST WAY TO SAVE MORE: MAKING THE MOST OF YOUR MONEY"

"The Smartest Way to Save More: Making the Most of Your Money" is Sam Freshman's newest book. It is a follow-on to "The Smartest Way to Save: Why You Can't Hang on to Money and What to Do About It" with many additional ways to save. It is available for purchase on Amazon.com. Check it out!



CREATIVE FINANCING CONFERENCE

Learn how to get your deal done at the Creative Financing Conference! (See enclosed flyer.)
September 16, 2014 - Sheraton LAX Hotel - 6101 West Century Boulevard, Los Angeles, CA 90045

To register visit us at www.creativefinancingconference.com
For sponsorship information contact:
Heidi at 310.864.2402 or heidi@creativefinancingconference.com