



BELRAD GROUP

ADVISORY PRACTICE OVERVIEW



Maximize Opportunities and Preserve Capital

Long before the most recent extraordinary market downturn, Belrad specialized in value-added asset management, workouts and the turnaround of complex real estate transactions. For more than 20 years, our people, experience and track record have set us apart. Our reputation for delivering results is the reason clients have entrusted us with some of the industry’s most significant distressed property assignments in recent times.

Our approach is straight-forward: We put the best team on every project and provide clients with experts who can solve their specific needs. The services we provide include receiverships, workouts, asset repositioning, development management, portfolio management, recapitalization facilities and/or capital stack restructuring and more. And, we have experience in all types of commercial real estate — from condominium development to retail, office, industrial, mixed-use, hotel, unimproved land and residential developments.

The Belrad Edge

Belrad has earned a name in the industry as an expert in the turnaround of complex real estate transactions and the creation and implementation of value added strategies. We thoroughly familiarize ourselves with the myriad details of each asset and work with any number of third-party specialists to meet the client’s objectives. Our real world experiences and grasp of the disciplines required for a successful real estate investment enable us to efficiently assess a situation and take immediate action.



Belrad’s personnel are senior professionals with deep roots in the real estate workout and restructuring industry. We have evaluated, managed and resolved loan and real estate assets for the RTC and FSLIC before them, as well as for investment banks, private investor groups and other institutional clients. With headquarters in San Francisco, California, we have successfully completed assignments across the United States and in select international markets, which include China, Costa Rica, Japan, Mexico, the Philippines, Singapore, South Korea and Thailand.

“Belrad was responsive to my requests, gave me straight advice and was a good sounding board – a trifecta.”

Tom Jones,
 Managing Director at
 Alvarez & Marsal and
 Head of Lehman Brothers Asia

Solving Today's Problems

We believe that it is imperative to aggressively and proactively manage troubled assets to preserve capital and stabilize a portfolio while simultaneously capturing opportunities and maximizing recoveries. Following are two recent examples of Belrad's work:

Lehman | ASIA PORTFOLIO

January 2009 to Present



Following the bankruptcy filing of Lehman Brothers, Belrad was retained by Alvarez & Marsal to provide advisory services on 80 investment positions in Asia representing approximately \$1.3 billion in balance-sheet exposure. The portfolio was highly diverse, both by product type and asset class. Debt products consisted of senior mortgages, mezzanine loans, pools of NPLs and IO strips. Equity investments ranged from administrative GP interests, stock in operating companies, fee ownership of hard assets with no operating partners, to institutional equity invested alongside a strong local partner.

The assets were located throughout Asia, including China, Japan, Korea, Taiwan, Thailand, Singapore and the Philippines. Working hand-in-hand with our client, Belrad created action plans for the portfolio, drafted asset-specific business plans, offered hold-versus-disposition recommendations, provided servicer oversight, interacted with other Lehman-related bankruptcy administrators in the region and delivered near-term cash need estimates. Belrad created an "executive committee" relationship with the client to manage overall strategic questions while assigning teams "in country" to handle issues on the ground. This included the full-time placement of an asset manager in Thailand to oversee hard asset repositioning and select asset dispositions.

SunCal | PORTFOLIO

June 2007 to May 2008



SunCal

Belrad was engaged by Lehman Brothers to provide advisory services on SunCal's land development portfolio, which included over 60 projects, encompassing more than 100,000 acres of land development and approximately 250,000 planned lots. The SunCal properties were located throughout California and Nevada.

Belrad made assessments of the properties' sub-markets and recommendations on the portfolio's near and long-term cash needs and individual asset developments and dispositions. We developed a proprietary land development

cash-flow model for this assignment, inspected all the properties and toured their sub-markets, met with the developer, and created customized cash-flow analysis and asset-level reporting. In performing these services, Belrad utilized data from a variety of sources, including site inspections, interviews with staff, third-party market data reports, asset-level development analysis and creditor and debtor cash-flow projections. Our work assisted the client as they evaluated the ongoing financial support of the developer as well as various project specific restructuring opportunities.



A Track Record That Spans Many Real Estate Cycles

Our experience and services support distressed, underperforming and value added real estate assets, their stakeholders and creditors.

Project Types

- Receiverships
- Substitute Operator
- Asset Specific Action Plans
- Develop & Implement Value Added Strategies
- Development Management
- Asset Re-Capitalization, Structuring & Coordination
- Co-investment Capital
- Portfolio Analysis & Repositioning
- Asset Management for Domestic and International Portfolios
- Distressed Debt & Hard Asset Due-diligence

Property Types

We have been engaged in all types of commercial real estate, including:

- Office
- Industrial
- Retail
- Multifamily
- Condo Development
- Hotel
- Condo Hotel
- Mixed-use
- Land Development
- Construction Projects
- Golf Courses
- Residential Developments, including Urban, Suburban and Resort Properties

Belrad Services

- > Receiverships
- > Substitute Operator
- > Portfolio Analysis
- > Institutional Equity Management
- > Re-Capitalization/ Restucture



Signature Assignments



Analysis of Brownfield Redevelopment Portfolio Southwestern U.S. 2007-2008

A public fund specializing in Brownfield redevelopment engaged Belrad to analyze their portfolio of land investments. We were brought on as consultant and asset manager for a portion of the portfolio which was in various stages of environmental remediation, entitlement and development. Belrad interacted with each of the fund's joint venture partners on the client's behalf. We analyzed the capital structure as well as the economics and objectives of each development plan. We also provided regular performance and project status reports. Our recommendations on the viability of each development program helped the client access their future capital commitments, and their hold vs. abandon decisions. The assignment included assets in California, Colorado and Texas.

Due Diligence on a Bank Acquisition – Southern California 2008

A Boston-based client engaged Belrad to evaluate a Southern California community bank for potential purchase. The scope of this due diligence project entailed a review of 70% of the bank's largest loan exposures, 95% of the non-accrual loans, 95% of the loans greater than 60 days past due, 95% of the "sub-standard" loans and 80% of the criticized loans (OAEM). In addition, we were asked to review and comment on the Bank's Credit Policies and Procedures and well as their Underwriting Manuals. We delivered the client a written report within the established three week deadline, which enabled the client to make their final recommendation to their investors in a timely manner.



Development Manager, Project Financing Big Island, Hawaii 2003 - 2008

An institutional owner retained Belrad to dispose of a 30-acre parcel of land. After an in-depth assessment, we recommended that the client retain the property and develop it. Belrad then identified a new development partner (a national home builder) and negotiated the joint-venture agreements. We assumed the role of development manager on behalf of our client and played an integral part in devising strategies for land use, design, phasing, marketing and sales.

We provided ongoing development management services for our client, which included working alongside the homebuilder partner on all development decisions. We also structured, syndicated and placed a \$50-million revolving senior construction loan. The resulting project is a successful 192-unit condominium development on the Kohala Coast, Big Island, Hawaii.



Active Institutional Partner and Development Manager Maui, Hawaii 2000-2007

The institutional equity partner of a 98-unit luxury beachfront condominium development in Maui, Hawaii retained Belrad to actively manage their investment and oversee the development of the project. Over the next seven years, Belrad worked alongside the local partner as an active institutional partner. As such we were engaged and involved with the entitlements, design and all aspects of the development and sell-out of the project. In addition, Belrad structured, placed, and syndicated the project's \$145-million

construction loan. The project successfully sold out, the debt has been repaid and all capital and profits have been disbursed to the investors.

Example Client Profiles

- > Investment Banks
- > Private Equity Firms
- > Special Servicers
- > Commercial Banks
- > Insurance Companies
- > Pension Funds
- > Re-Structuring Organizations
- > Law Firms

Signature Assignments



Resolution of a Deed-in-Lieu of Foreclosure & Takeover Boston, Massachusetts 2005

Working on behalf of the lender, Belrad helped negotiate a mutually acceptable deed-in-lieu of foreclosure and takeover of an existing 1.1 million sq. ft. office property in the greater Boston area. This process included a successful lease termination agreement with a tenant that occupied more than 50 percent of the property.

We engaged new local leasing, property management and asset management personnel and handed the asset back to the lender with a revitalized team in place.



Foreclosure and Sellout Seattle, Washington 2004-2008

On behalf of an institutional client, Belrad oversaw the foreclosure on a 1,700-lot master-planned community located in the Greater Seattle area. Over the succeeding four years we managed completion of the development, which included various planned neighborhoods through entitlements, the construction of roads and installation of utilities, final grading and the successful sell-out of all lots and parcels.



Foreclosure, Development Management & Project Financing Chicago, Illinois 2005

At the request of the mezzanine lender, Belrad helped complete a UCC foreclosure on a 1.6 million sq. ft. mixed-use development in downtown Chicago that had been shut down by the senior lender nine months after the commencement of construction.

After foreclosure, we engaged construction management services and negotiated settlement payments with the senior lender and all contractors and sub-contractors. Subsequently, a new general

contractor and associated subs were retained so that phase one of construction could be completed. We arranged, structured, and closed new third-party senior debt sufficient to complete this phase. Finally, Belrad engaged local development management so that the asset could be turned over to the client with project financing and a project team in place.



Senior Bridge Loan and Asset Management Southern California 2006

Belrad structured, negotiated, and placed a \$21-million senior bridge loan used to fend off the hostile bondholder takeover bid of a large planned resort subdivision in Southern California. We provided asset management services after closing. The borrower paid off the loan 18 months later at a 25% rate of return to the senior lender as agreed.

“I have experienced consistently above-par service over our 15-year relationship. The people at Belrad are smart and seasoned. They are pros at what they do.”

**Yon Cho, Partner
PCCP and ex-COO Global
Commercial Real Estate
Finance Group,
Lehman Brothers**

“The people from Belrad proved to be important members of our project management team. They were experienced, understood the complexities of development as well as project finance and ably applied their know-how. As a result, they added a lot of value and were effective decision makers. I look forward to working with them again.”

Bruce Sloan, Division President
Hawaii, PulteGroup



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