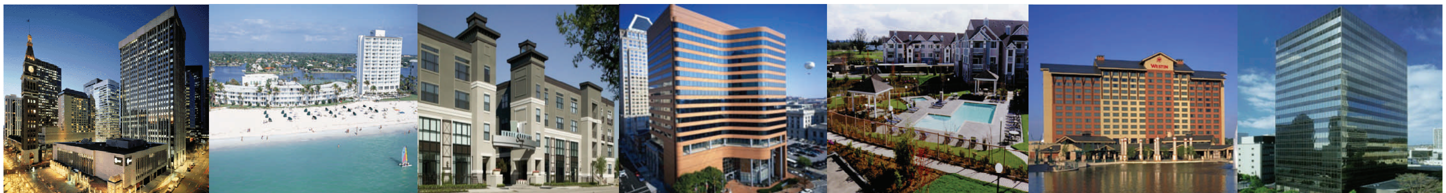
AMSTAR

In Focus

Winter/Spring 2011

A Summary of Amstar Investment News and Perspective



About Amstar

Established in 1987, Amstar is a real estate investment manager that offers both commingled funds and tailored separate accounts to its international and domestic clients. With more than $1.5 billion in assets under management, Amstar's current portfolio consists primarily of office, multifamily, hospitality and retail holdings within the major markets of the United States and select markets in Europe and Latin America.

Amstar offers its clients stability, sound judgment and a long history of proven performance. Our team of highly capable professionals understands that our commitment to our clients is the company's primary competitive advantage.

Inside this issue

HILTON ALEXANDRIA SELLS FOR $121 MILLION

Large D.C. full-service hotel prices at $244,000 per room

Amstar during January 2011 sold for $121 million the Hilton Alexandria Mark Center, a 496-room, full-service hotel in the Washington, D.C., submarket of Alexandria, Virginia. Crow Holdings' latest real estate fund, Crow Holdings Realty Partners V, L.P., purchased the hotel.

Amstar purchased the 30-story property with its joint venture and management partner, Davidson Hotel Company, during June 2005 for $93.2 million. The partnership then completed a comprehensive $9.3 million renovation during 2006. Upon completion of the renovation and after improving operations, Amstar refinanced the hotel during June 2007, allowing a full return of equity to its investors. The hotel performed well during the recent economic downturn, providing the foundation for the asset's successful sale. Davidson will continue to manage the hotel. Molinaro Koger marketed the transaction.

Currently under construction adjacent to the property are two office towers totaling approximately 1.4 million square feet. During 2011, the first of 6,400 Department of Defense ("DoD") employees will begin working out of this new Mark Center office space as part of a major consolidation of DoD workers in Northern Virginia. The extensive new development is part of the Base Realignment and Closure ("BRAC") program. The new office buildings add to the multifamily, restaurant, and office space in Mark Center.

Alexandria, VA

The hotel, located 4.5 miles from Reagan Washington National Airport and directly off Interstate 395 in the Mark Center mixed-use development, has 55,000 square feet of indoor and outdoor meeting space including a 9,000-square-foot, IACC-approved Executive Meeting Center and 10,000 square feet of lakeside event space. The hotel boasts 18 suites, an indoor/outdoor pool, a restaurant and numerous other guest amenities. The property borders a 43-acre botanical preserve.

RECENTLY DEVELOPED DISTRIBUTION BUILDING SELLS TO OWNER/USER

Charleston, South Carolina, 351,000-square-foot facility bought by Regal Logistics

In December Amstar sold one of two large distribution buildings at its Charleston Regional Business Center ("CRBC") development in Charleston, South Carolina. The buyer, Regal Logistics, will own and partially occupy the building. Amstar also recently executed a 35,000-square-foot lease with Environmental Express for space in the park's second completed building.

Charleston, SC

The CRBC project was developed during 2007 by Amstar and local development partner Childress Klein Properties. In total, Amstar's CRBC development includes 463,000 square feet of developed warehouse space and two pad sites that can accommodate 630,000 square feet of additional industrial product. The development is designed for port-related users; it is located a few miles from the Port of Charleston, home to the deepest channels in the region.

SACREMENTO OFFICE PROJECT RECAPITALIZED WITH ATTRACTIVE FINANCING

Stabilized rent roll paves the way for five-year, fixed, non-recourse loan

During January 2011 Amstar closed a $25 million refinancing of North Pointe Corporate Center in Sacramento, California, with UBS Real Estate Securities. Ownership was able to recapitalize the property with very attractive five-year fixed, non-recourse debt after securing a 15-year lease renewal with the Internal Revenue Service ("IRS") for 67% of the property. The loan includes an earn-out for capital and leasing costs related to renovation of the IRS space.

Sacramento, CA

Purchased during 2007 from Triple Net Properties at a time when the IRS had fewer than two years remaining on its lease, Amstar immediately implemented a capital improvement and pro-active property management campaign resulting in a long-term lease renewal with the IRS. Hands-on asset management and close cooperation with the IRS and General Services Administration were key in structuring a six-phase tenant improvement plan spanning two years that will allow Amstar to upgrade the IRS facilities without disrupting normal operations at the property.

North Pointe Corporate Center is a 133,000-square-foot office building located at the intersection of Interstate 80 and the Capitol City Freeway. Since construction in 1988, it has served as the regional IRS headquarters and for the past ten years as the Sacramento campus for Kaplan College. The long-term commitment by both tenants was driven largely by the building's highly visible location, proximity to employee housing and easy access to light rail and major freeways.

HOUSTON HIGH-END MIXED-USE PROJECT LEASES 49,000 SQUARE FEET DURING 2010

LaCenterra at Cinco Ranch, in Katy, Texas, stabilizes retail component in challenging climate

Houston, TX

During 2010 Amstar signed new leases for 24% of the 153,100 square feet of retail space at LaCenterra at Cinco Ranch, bringing retail occupancy to 100%. LaCenterra is a mixed-use, amenity-rich retail/office project near I-10 and the Grand Parkway in Katy, Texas, west of Houston. The office component is 73% leased. Amstar developed and then opened the project with its local partner during March 2007.

Among the new tenants, Las Alamedas opened during September. The renowned Houston Mexican restaurant moved from its previous location on I-10 to LaCenterra, and now occupies the marquee retail space overlooking the courtyard. Among the other new tenants are national women's apparel retailer Apricot Lane and frozen yogurt purveyor BerriPop. Amstar owns an adjacent parcel that will be developed as LaCenterra Phase II.

WESTIN WESTMINSTER INVESTS IN ENERGY EFFICIENCY, SOLAR POWER

Denver-area hotel enjoying consistent return on investment, lower operating expenses

During July 2010, the Westin Westminster put into operation a 32-kilowatt solar panel power generation project built on one of its southern-exposure rooftops. The solar project is a key component of a major energy efficiency and systems upgrade for the 369-room hotel. The solar array offsets the hotel's retail electricity needs, and provides Amstar and its clients a consistent 11% return on the incremental investment. The Westin also has received accolades for installing the solar power system and guests and groups alike cite it often as a great addition to the hotel.

Denver, CO

Additionally, Amstar has invested more than $175,000 in strategic energy efficiency upgrades at the hotel. The savings achieved through these various programs — 9% lower electricity demand during 2010 — has added significant value to the asset as it directly increases net operating income. In addition, the related good press has been a successful marketing tool for the hotel and has noticeably boosted employee morale.

Included among the numerous other energy-efficiency improvements at the hotel is a new, web-enabled energy management system, considerable improvements to existing HVAC equipment, a major lighting retrofit in public and back-of-house areas and a loading dock door retrofit that minimizes the unwanted transfer of conditioned air to the outside. Scheduled additional improvements include recapturing heat from the industrial laundry dryers and acquiring new, ultra-high-efficiency HVAC equipment.

McEWEN PROJECT SIGNS UP BRICKTOP'S AND SELLS PARCEL TO FIRST FARMERS

Construction to begin soon on upscale Nashville restaurant, new bank branch

BrickTop's, the Nashville-based upscale restaurant, will build and open its next signature venue at McEwen, Amstar's mixed-use development in Cools Springs, Tennessee, a suburb of Nashville. The new BrickTop's restaurant will be 8,000 square feet and will open by yearend 2011. In addition, Amstar sold a 1.5-acre parcel at McEwen to First Farmers & Merchant Bank for $1.65 million. The bank intends to build a 3,500-square-foot branch on the site. Construction for both projects is expected to begin soon. Securing BrickTop's and First Farmers advances Amstar's long-term vision of developing all of McEwen as an amenity-rich destination for its residents and neighbors.

Located on the south side of McEwen Drive, just west of Mallory Lane, BrickTop's will be the second anchor tenant in the McEwen Southside project. The senior anchor, a new 45,000-square-foot Whole Foods Market, is under construction and scheduled to open during May. The remainder of the Southside project will include shops and additional restaurant offerings in a 40,000-square-foot retail center, currently in pre-development.

Nashville, TN

Amstar Quick Facts

- Established in 1987
- $1.50 billion of assets under management (as of December 31, 2010)
- Invested more than $3.5 billion since inception
- Amstar senior staff has 11.5-year average tenure
- Demonstrated track record of success across all product types with emphasis on office, hotel and multi-family properties

Amstar's Outlook

An editorial column about trends we are watching

Restore to Core: What It Is and Why It Is Compelling

Although we are currently seeing a significant increase in deal flow, most of these opportunities are not great fits for Amstar and its clients. Core product is still seeing tremendous investor interest, and, with financing markets improving, pricing is approaching peak levels. Meanwhile, moderately distressed assets on the market can be acquired at a low basis but timing and the costs to stabilize and sell are highly uncertain. We believe neither core nor distressed asset investing provides attractive risk-adjusted returns in today's highly competitive real estate market.

So what do we find attractive? At this point in the cycle, we think there are a few compelling investment strategies that not only offer investors attractive risk-adjusted returns but are also executable. One strategy we find attractive is acquiring very well-located office properties that have suffered during the recession and restoring them to their previous core condition. We call it "Restore to Core."

There are a number of critical characteristics for a property to fit this strategy including excellent location and quality, a size of 150,000 square feet or larger, and a demonstrated appeal to credit tenants. Although that sounds like a typical core profile, it differs in one key way: The properties we target are only 60%-70% occupied and may require modest capital expenditures. As a result, these properties offer both in-place cash flow and give us the opportunity to significantly improve NOI and property value as the economic recovery continues.

We like this strategy because it is based on a favorable risk/return profile. First, we like the office market because pricing has been hurt by increasing nationwide unemployment, but in our target markets employment is showing real signs of stabilization. That trend toward lower unemployment is affirmed by broader measures and suggested by the recoveries from the last two recessions (see fig. 1). Additionally, core assets, when stabilized, have historically attracted strong institutional investor interest. These factors, among many others, provide the groundwork for significant improvement in property valuations.

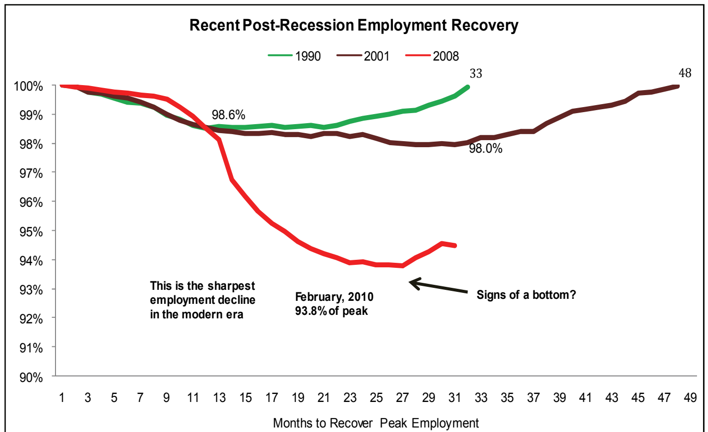


fig. 1

Which markets do we like? Amstar has identified a list of target markets ideal for this investment strategy during an economic recovery. Criteria like current stability in supply, historical local job growth, diversity of the employment base and sufficient exit liquidity in all economic cycles play a roll, among other things. The primary markets like Washington D.C. and Los Angeles are certainly on this list, but so are some other cities that we believe are poised to see growth early in the recovery.

In short, during the early stages of a recovery we believe there are great risk/return balances in certain, specific types of investments. No one sums up the current opportunity better than Marc Louargand in November's issue of *The Institutional Real Estate Letter*:

> "Restoring core real estate from its moderately weakened condition promises attractive returns at reasonable risk levels. The recovery will continue. The labor force will grow beyond its previous peak. Existing dark space will be absorbed. Ultimately, new space will come online to meet the needs of a growing economy. But for now, the restoration of core real estate to stability appears to offer the most attractive opportunity on a risk-adjusted basis."