

mckinley
Albert M. Berriz

ANN ARBOR

December 6, 2007

07DEC 18 09:33

Anissa R. Bowden
Council Administrative Coordinator
City Clerk's Officer
100 N. Fifth Ave
P.O. Box 8647
Ann Arbor, MI 48107-8647

Dear Anissa,

I am very pleased to share this "November Edition" newsletter with you as it highlights our new ten state platform. Our Midwest Market now includes Kentucky and we have also added North and South Carolina to our Southeast/Eastern Seaboard Market.

Our business model remains the same, with our characteristic focus on a disciplined geographic dispersion and span of control in secondary and tertiary markets. Major employment drivers remain significant aspects of our strategies, as do population growth projections and positive employment trends.

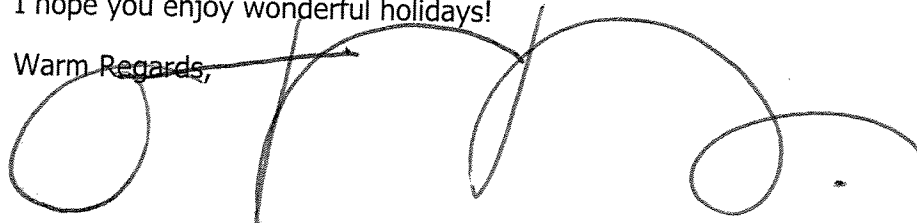
Our Real Estate Advisory Services continue to be a significant priority in our growth strategy. Our Client Services business includes workouts and receiverships, institutional fee management, acquisitions, dispositions and joint ventures, construction and redevelopment, leasing and marketing.

Our success is built on results. We can be on the ground within hours anywhere in our ten state platform with world class service delivery!

As the year comes to a close we have much to be thankful for at McKinley. We continue to invest in both our "people and real estate" and my sharing updates with you is an important part of this investment. As always, I am happy to communicate our activities and always welcome any questions or comments you may have about our world at McKinley!

I hope you enjoy wonderful holidays!

Warm Regards,



Albert M. Berriz
Chief Executive Officer

320 North Main, Ann Arbor, Michigan 48104-1127
734.769.8520, Ext. 265

mckinley NEWS

VOLUME 1, ISSUE 3

NOVEMBER 2007

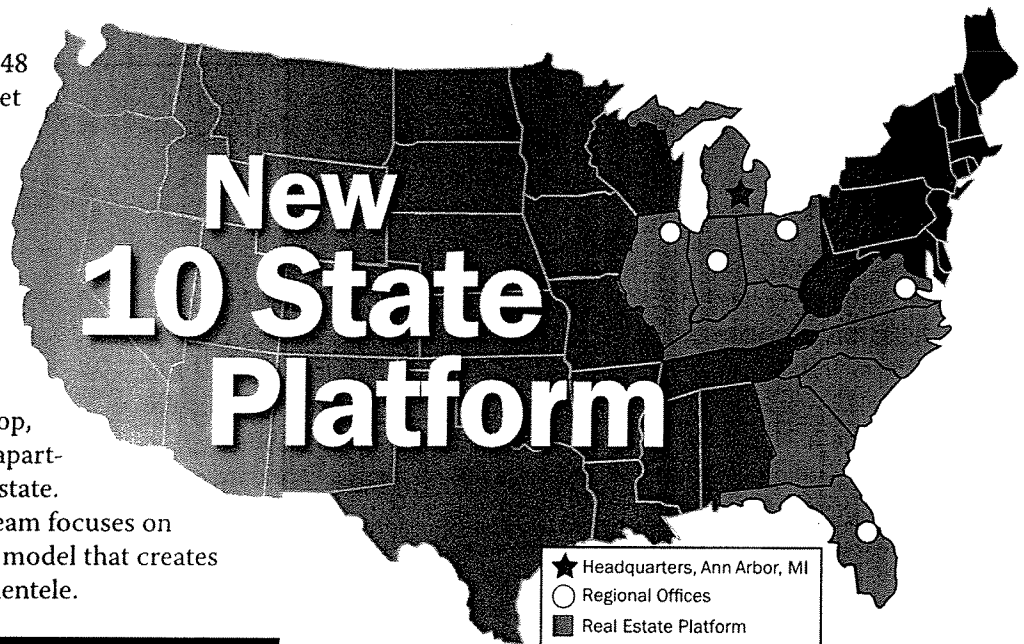
www.mckinley.com

LIVE.WORK.SHOP.PLAY.

Solving Complex Real Estate Problems

McKinley currently manages over \$1.8 billion in assets including 17,248 apartments and 5 million square feet of commercial space in ten states nationwide. Our corporate head office is located in Ann Arbor, Michigan, with regional offices in Orlando, Florida; Akron, Ohio; Taylor, Michigan; Norfolk, Virginia; and Chicago, Illinois.

Our team of 717 real estate professionals acquire, plan, redevelop, lease, manage, finance and market apartment homes and commercial real estate. From one common platform, this team focuses on a disciplined, value-added business model that creates tremendous success for its select clientele.



Built on Results

We can be on the ground within hours anywhere in our 10 state platform. Client Services are delivered through a world class scalable infrastructure with flexible and efficient processes that are supported by talent and technology.

McKinley's investment in both people and real estate provides its select clientele with a results oriented culture where speed and world class service are key drivers.

McKinley brings to every situation...a proven track record built on RESULTS!

Client Services

Property Management • Asset Management • Construction Management • Leasing • Acquisitions • Dispositions • Joint Ventures • Capital Solutions

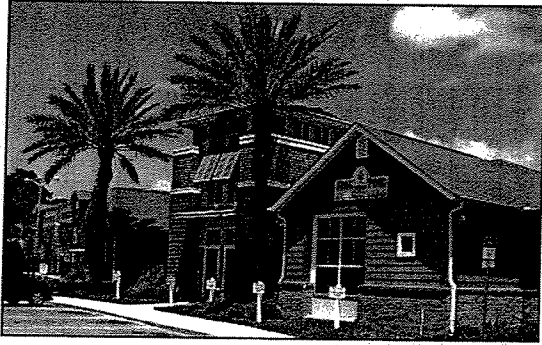
For Information Contact

Kenneth P. Polsinelli
Executive Vice President, Managing Director
Phone: 734.769.8520, ext. 230
Email: kpolsinelli@mckinley.com

Michigan • Ohio • Indiana • Illinois • Kentucky • Virginia • North Carolina • South Carolina • Florida • Georgia

McKinley's Core Purpose: To Enrich the Quality of Life in Our Communities

Florida Client Service Update



Tallahassee

The Beach Club – In May of 2007, McKinley was awarded a contract for real estate advisory services at the Frog Pond I and II Apartments located in Tallahassee. The community, located within minutes of Florida State University, Florida Agricultural and Mechanical University, and Tallahassee Community College, was renamed The Beach Club.

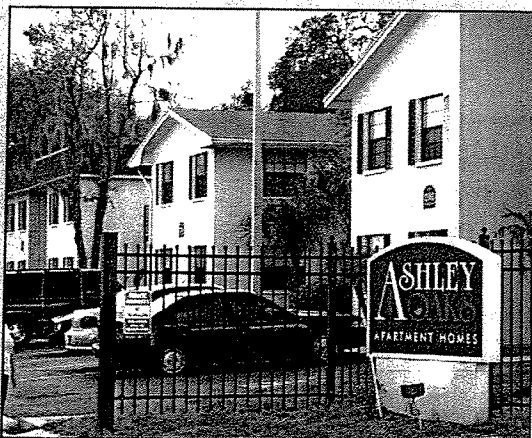
McKinley's focus is to complete capital improvements, implement operational efficiencies and undertake a systematic marketing plan to create value for the property. A sophisticated internet marketing campaign, significant on-site activities during the lease-up period, new high-visibility signage, massive campus outreach, and active sales focus has allowed McKinley to reach its goal of improving occupancy from 52% to 90% in three months of operation.

Jacksonville

Lighthouse Bay – In December of 2006, Albert M. Berriz was appointed Receiver and McKinley was appointed Property Manager for a 1,103 unit apartment community in Jacksonville. At the time of the property transfer, significant criminal activity was occurring at the complex. 1,294 calls for police service were made to the Jacksonville Sheriff's office in the months of June to December, 2006. Following the takeover, McKinley personnel teamed with the Sheriff's Department to address challenges and eliminate crime.



The property hit a low of 39% occupancy after eliminating the criminal element and non-paying residents. McKinley implemented an aggressive \$4.3 million capital improvement plan to enhance the property, and created a marketing plan aimed at increasing awareness for the community. Lighthouse Bay has achieved an impressive 30% increase in occupancy, and is currently under contract for sale. The McKinley team once again accomplished a very fast and successful turnaround for our valued client.



Tampa

Ashley Oaks – In May of 2006, McKinley was appointed Receiver of the 130 unit apartment complex, Ashley Oaks, located in Tampa. In a very challenging market, McKinley successfully reduced crime and implemented a \$200,000 capital plan that repositioned the asset for sale.

By creatively applying its solid record of success and property management expertise, McKinley was able to create value in the property, allowing for a successful asset disposition for our valued client.

Retail Client Service Update

Richmond, Virginia

Chippenham Square – In August of 2006, McKinley was awarded a contract for property management and real estate advisory services at Chippenham Square, an 185,000 square foot retail shopping center located in Richmond.

Located in a difficult real estate market, the property was in significant disrepair at takeover. With no capital improvements, McKinley focused on improving operational efficiencies and completely transforming the overall appearance of the property. Employing an extensive property enhancement campaign that included exterior and interior space cleanup, landscaping, and graffiti removal, Chippenham Square was transformed into a valuable property allowing for a successful disposition.



St. Charles, Illinois

Charlestowne Mall – McKinley was recently awarded a contract for property management and advisory services at Charlestowne Mall located in St. Charles. This two-story retail shopping mall, built in 1992, sits on a 107 acre property and includes 850,000 square feet of retail space. Anchored by Carson Pirie Scott, Kohl's, and Von Maur, the mall features 65 specialty stores and hosts some of the country's most respected retailers.

The McKinley team hit the ground running simultaneously with the awarding of the contract. Extensive operational efficiencies were immediately implemented, resulting in significant expense savings and major life-safety issues rectified. Numerous renewal leases have been executed and new leasing opportunities are

underway. In October of 2007, McKinley secured the right to broker the property for redevelopment, and an option for a future joint venture opportunity now exists.

Indianapolis, Indiana

Pike Plaza – McKinley was appointed Receiver for this property in November of 2006. The property consists of 22 retail units with a total square footage of 198,558. At the time of transfer, 10 retail units were vacant and the vacancy factor sat at 30.06%.

The McKinley team immediately instituted a program for upgrading the basic services at the property with the ultimate goal of improving the vacant space appearance. Life-safety issues were also addressed and new initiatives implemented to satisfy the property insurance carrier.

McKinley has maintained positive relations with the current tenants and renewed a number of leases while also attracting several new tenants. Our professionals continue to strive to provide outstanding customer service to the tenants and customers of Pike Plaza, and have upgraded the property to a level that will allow for successful disposition.



MICHIGAN

- **Westland** — Blue Garden Apartments — 172 units
Receiver/Advisor/Property Manager
- **Detroit** — Embassy Manor — 339 units
Receiver/Advisor/Property Manager
- **Saginaw** — Saginaw Villas — 467 units
Receiver/Advisor/Property Manager
- **Pontiac** — Pontiac Place — 152,052 sq. ft.
Advisor/Property Manager

OHIO

- **Columbus** — Carlin Manor — 351 units
Receiver/Advisor/Property Manager
- **Akron** — Fairway Center — 79,000 sq. ft.
Receiver/Advisor/Property Manager/Leasing

INDIANA

- **Indianapolis** — Pike Plaza — 200,000 sq. ft.
Receiver/Advisor/Property Manager/Leasing
- **Peru** — The Estates at Eagle's Pointe — 139 units
Receiver/Advisor/Property Manager

ILLINOIS

- **Urbana** — Woodstone Townhomes — 93 units
Receiver/Advisor/Property Manager
- **St. Charles** — Charlestowne Mall — 852,000 sq. ft.
Advisor/Property Manager/Leasing

KENTUCKY

- **Louisville** — River Oak Apartments — 268 units
Receiver/Advisor/Property Manager
Recent successful disposition

VIRGINIA

- **Richmond** — Chippenham Square — 185,000 sq. ft.
Advisor/Property Manager/Leasing
Recent successful disposition

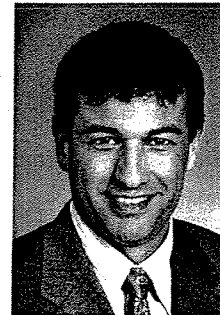
FLORIDA

- **Tallahassee** — The Beach Club I and II Apartments — 624 units
Advisor/Property Manager
- **Jacksonville** — Lighthouse Bay Apartments — 1,103 units
Receiver/Advisor/Property Manager
- **Tampa** — Ashley Oaks Apartments — 130 units
Receiver/Advisor/Property Manager
Recent successful disposition

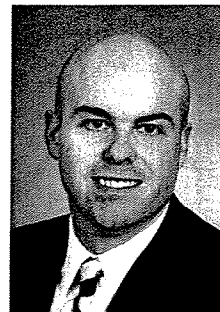
Corporate Snapshot

Annual Revenues:	\$167.1 million
Portfolio Value:	\$1.8 billion
Total Space:	23,975,545 Sq. Ft.
Office:	2,068,625 Sq. Ft.
Retail:	3,097,242 Sq. Ft.
Multi-Family:	17,248 units
Team Members:	717

Key Executives



Kenneth P. Polsinelli
Executive Vice President



Matthew D. Mason, CCIM
Vice President



Albert M. Berriz
Chief Executive Officer