

Fiduciary Engagements

- ◆ RERC currently serves as the **independent fiduciary for the real estate account** of one of the **largest financial services companies** in the United States. The **retirement account** serves approximately 3.2 million people and over 15,000 institutions, with over \$400 billion in combined assets under management (as of March 31, 2007). The account owns more than 110 properties, with net assets of approximately \$14 billion. The account has been established under a core investment strategy, where it can invest in income-producing properties throughout the United States and in the United Kingdom and France. RERC's overall responsibility as a fiduciary is that of oversight of real estate investment-related activity associated with the account. RERC has numerous daily and interim responsibilities associated with seeing that the account serves the best interests of the plan participants and beneficiaries. RERC's routine fiduciary responsibilities include: review and approval of all valuations on a quarterly basis, review of all account acquisitions to ensure they conform to guidelines, review and approval of all external consultants and independent appraisers, and review of the purchase and sale of liquidity units.
- ◆ RERC was selected by a **major pension fund** to complete **independent fiduciary services (fairness opinion)** of a related-party transaction of a 350,000-square-foot building in downtown Washington, D.C. RERC's role was to analyze the current value of the building (which remained 0-percent occupied and completely unfinished) and the fairness of an unsolicited offer on the property. RERC's independent fairness opinion laid the groundwork for the fund to sell off its share (majority) of ownership. Approximately two years prior, RERC successfully represented this same fund in a dispute resolution with the Department of Labor involving the 350,000-square-foot office facility. RERC has completed more than \$1 billion of services over the past several years for this fund.
- ◆ RERC was selected to complete **independent fiduciary services (fairness opinion)** with respect to **this trust's acquisition of four major office assets** in the Washington, D.C. metro area, which had previously been held in related portfolios in the same trust. RERC served as an independent fiduciary and was asked to review all related documents and to opine on the fairness and prudence of the transaction at a stipulated valuation-based price. In addition to analyzing the valuation-based gross asset values, RERC also considered the impact that debt and joint venture partnerships (requiring waterfall calculations) had on the transfer of the assets and provided an opinion on the appropriateness of the net assets transferred. Subsequent to RERC's issuance of the fairness opinion, the four office assets were transferred into the trust's portfolio at what RERC deemed as a fair and reasonable price.

Fiduciary Engagements

- ◆ The trustee of this **pension fund**, selected RERC to complete **independent fiduciary services (fairness opinion)** in connection with the proposed related-party purchase of a firm's 75-percent leasehold interest in a 25-story, 412-unit apartment complex. RERC analyzed the 75-percent leasehold interest and projected the 10-year internal rate of return based on the current debt structure and a complicated partnership (waterfall) structure that was deemed dilutive to the fund, and therefore impacted the equity purchase price of the seller's interest. RERC's fairness opinion served as the primary basis in negotiating the terms of the sale. (The acquisition of the property did not transpire because the property owner exercised their right to purchase the seller's ownership interest.)
- ◆ RERC was selected to complete **independent fiduciary services (fairness opinion)** in connection with an **institutional investment management firm's acquisition (buyout) of their joint venture partner's minority interest** in a single-tenant suburban Illinois office facility. RERC considered and analyzed both the tangible (projected internal rate of return) and intangible (100-percent ownership and control of the asset) benefits associated with the partner buyout, and provided recommendations as to the appropriateness and prudence of the proposed transaction. RERC's fairness opinion served as the primary basis in management's acquisition decision to go forth and purchase the partnership interest, which reduced the overall projected internal rate of return for the property, but was considered accretive to management's overall investment strategy.
- ◆ RERC was selected as the **sole real estate advisor to the secured creditors' committee (17 banks)** for the bankruptcy of a major energy and communications firm. RERC was engaged to perform a **market study, valuation analysis, and other real estate consulting services** with respect to the firm's building on behalf of the creditors' committee. The engagement included meeting with management to assist in structuring a lease of the 1.2 million-square-foot headquarters building. RERC participated with the creditors' committee in hiring third-party vendors to lease, manage, and sell the property.
- ◆ RERC was selected to complete **independent fiduciary services (investment analysis)** with respect to the **financial interests of an international bank and a family-owned real estate construction firm** in an office-building complex consisting of two 15-story office towers in Uniondale, N.Y. The complex contained more than 1 million square feet of net rentable area, and was valued in excess of \$280 million.

Fiduciary Engagements

- ◆ RERC has served as an **independent fiduciary** for a **trade union pension fund in their joint venture transactions** in the U.S. with a major apartment properties trust, a global developer and owner of industrial real estate, and a global private equity firm. RERC provided investment recommendations on the pension fund's joint venture purchase of garden-style apartment complexes located throughout the U.S., including Dallas, Houston, Chicago, and Atlanta. RERC has also provided investment recommendations on the fund's joint venture purchase of industrial warehouse properties located in northern New Jersey, Chicago, Miami, and Los Angeles. Most recently, RERC provided investment recommendations for condominium developments in New York, New Jersey, and Los Angeles. RERC has been working with this pension fund in providing independent fiduciary services for more than five years, totaling several hundred million dollars in aggregate investment recommendations.
- ◆ RERC completed a **fairness opinion** regarding an **apartment trust's acquisition of the minority interest** in a partnering organization. RERC's role was to review, analyze, and opine on the fairness of the acquisition. RERC's fairness opinion served as a recommendation and conclusion for the purchase.
- ◆ RERC provided **fiduciary, consulting, and valuation services for a portfolio of assets** held by **one of the nation's leading private owners and developers of retail centers**. The portfolio consisted of 147 retail properties, approximately 63 acres of out-parcel and development land, and a retail service business. The client asked RERC to provide the required annual report to the institutional investors regarding the unit value of the real estate fund, as well as to enhance internal financial planning. RERC's role was to provide an opinion of value with respect to all aspects of the portfolio, which was valued in excess of \$1.5 billion. In addition, RERC provided a consolidated balance sheet of the client's investments, as well as a breakdown of the outstanding units within the investment account.
- ◆ RERC was selected as the **independent fiduciary to provide investment analyses and recommendations** for a **leading health insurance firm's** lease versus buy decision concerning their 170,000-square-foot corporate campus. In analyzing the potential purchase of the office complex, RERC developed a return analysis based on both a market value scenario and an investment value scenario. The investment value scenario took into account the proprietary nature of the tenancy factors created by the client's position within the subject property. In addition, RERC analyzed the investment value of the property for the purchase of the property, which would ultimately trigger an increase in property taxes but also create an expense savings. The purchase scenarios were then compared and contrasted with the cost to continue to lease the premises.