STRATEGIC PLANNING ADVISORY GROUP

Capital Formation Strategies
Consulting and Expert Witness Services on Disputes Relating to Real Estate
Corporate, Business Unit, Portfolio, or Asset Level Strategies
Enterprise Risk Management (ERM) Strategies
Growth, Profitability, Consumer-, Product-, and Place-based Strategies
Organization Strategies
Performance Audits and Benchmarks
Succession Planning
OVERVIEW

For over 45 years, RCLCO (Robert Charles Lesser & Co., LLC) has been the “first call” for real estate developers, financial institutions, public sector entities, private investors, anchor institutions, and Fortune 500 companies seeking strategic and tactical advice regarding property investment, planning, and development. As the leading independent real estate advisory firm in the nation—with experience in international markets—we provide end-to-end advisory and implementation solutions at an entity, portfolio, or project level.

RCLCO has expertise in five major areas: Urban Development, Community and Resort Development, Management Consulting and Litigation, Public Strategies, and Institutional Real Estate Advisory. Our multidisciplinary team combines real world experience with the analytical underpinnings of the firm’s thousands of consulting engagements to develop and implement strategic plans that strengthen our client’s position in a market or sector, add value to a property or portfolio, mitigate price erosion, and strengthen a client’s position in the case of an acquisition, disposition, or legal case.

Each day, our consultants apply the knowledge gained from our body of work along with the insights from our proprietary research, which includes trends analysis, consumer research, project/portfolio performance metrics, real estate forecasts, etc. Our foremost goal is to add value to our clients’ real estate activities at every point in the market cycle. We constantly refine our concepts and methods in order to identify the best means for helping our clients gain a competitive advantage in the marketplace. Furthermore, our extensive network of clients, colleagues, professionals, and public officials, in the United States and abroad, provides us with a unique and comprehensive outlook on the industry—not to mention unmatched access to the best minds in real estate.

Since we opened our doors in 1967, RCLCO has been governed by our core values. We believe that excellence, integrity, honesty, respect, exceeding expectations, and quality are great goals that all firms must possess. These goals and values shape the culture and define the character of our firm. They guide how we behave and make decisions.

The Best Minds in Real Estate™

Year Opened
1967

Office Locations
Washington, D.C.
Austin, TX
Los Angeles, CA
Orlando, FL

Staff
50+

Advisory Groups
Community & Resort
Institutional
Urban Real Estate
Strategic Planning & Litigation Support
Public Strategies

Affiliations
Urban Land Institute
International Economic Development Council
Pension Real Estate Association
International Economic Development Council
National Multifamily Housing Council
Society for College and University Planning
American Planning Association
Association of Florida Community Developers

Core Values
Adding Value to Our Clients
Achieving Excellence and Innovation
Enjoying Our Work
Promote Greater Sustainability

Mission
Our mission is to help our clients make strategic, effective, and enduring decisions about real estate.
RCLCO's work takes its professionals around the globe, exposing them to best practices and emerging trends in residential, commercial, retail, resort, industrial, and mixed-use development in a variety of geographic settings and challenging circumstances. We are often called upon by industry leaders to help conceive a strategy plan—either at the project, portfolio, or corporate level—that maximizes land values and/or other goals considering regional growth, competition, and financial issues. Often, specific market questions emerge that require our unique mix of real estate and consumer research expertise in the formation of product programming recommendations—density, market orientation, absorption, pricing, and amenities/features. We pride ourselves on becoming an integral part of the client’s team, and work diligently and practically with land planners, architects, engineers, public sector agencies, environmentalists, consumer groups, and other interested parties. We not only recommend actionable strategies, we are committed to the successful implementation of the recommendations we make.

**Residential**
- Master-Planned Communities
- Apartments & Condominiums
- Single-Family Home & Townhomes
- Active Adult Communities
- Assisted Living, Continuing Care Retirement Communities
- Second-Home Communities
- Affordable/Workforce Housing
- Conservation Communities

**Retail**
- Lifestyle/Entertainment
- Neighborhood Centers
- Regional/Super Regional Malls

**Resort**
- Conference/Convention Hotels
- Beach, Mountain, & Lake Resorts
- Casinos & Marinas

**Office/Industrial/Campus**
- Office Buildings
- R&D/Industrial Facilities
- University/Medical Campuses

**Other**
- Transit-Oriented Development
- Mixed-Use Development
- Adaptive Reuse
- Brownfield Redevelopment
- Urban and Corridor Revitalization
We are a trusted advisor to the most influential local, regional, national, and international real estate companies; financial institutions; non-real estate corporations; institutional investors; private equity investors; municipalities and counties; law firms; and nonprofit organizations. Each year, over 300 clients from around the nation—indeed the world—partner with us to receive objective, independent advice. In each engagement, we strive to add value to our clients’ real estate activities and provide ways for them to gain a competitive advantage in the market place. The following is a representative list of our clients.

### Clients

#### Commercial Developers
- B.F. Saul Company
- Chase Commercial Properties
- Combined Properties
- Foulger-Pratt
- General Growth Properties
- Hines
- Koll Development Company
- Lerner
- LCOR
- Pappas Properties
- The Related Companies
- Transwestern Commercial Services

#### Homebuilders
- Beazer Homes
- Brookfield Homes
- Centex Homes
- D.R. Horton
- K. Hovnanian Homes
- Lennar
- Pardee Homes
- Pulte Homes
- Shea Homes
- Toll Brothers

#### Land Developers
- Actus Lend Lease
- Cherokee Investment Partners
- Core Communities
- DMB Associates Inc.
- Forest City
- Grupo Plan C.V.
- Magnolia Development
- Newland Communities
- The Peterson Companies
- The St. Joe Company
- Financial/Investment Firms
- Acacia Capital Corp.
- AEW Capital Management, LP
- A.G. Edwards & Sons
- Apollo Real Estate Advisors
- The Athena Group
- Bank of America
- Barrow Street Capital
- The Blackstone Group
- The Carlyle Group
- Credit Suisse First Boston
- Goldman Sachs & Co.
- Morgan Stanley

#### Local/Regional Governments
- Arlington County
- Atlanta Development Authority
- Charlotte-Mecklenburg Planning commission
- City of Chattanooga
- City of Jacksonville
- City of Los Angeles
- District of Columbia
- Envision Utah
- Fairfax County
- Jekyll Island Authority
- Oakland Planning and Development Corp.

#### Multifamily Developers
- Archstone
- The Bozzuto Group
- The JBG Companies
- JPI
- Kettler
- Lowe Enterprises
- Novare Properties
- SunTrust Realty
- SunPeople
- Trammell Crow Residential
- Unidev, LLC
- Wood Partners

#### Non-Real Estate Entities
- Archdiocese of New Orleans
- Boeing Corporation
- California State University
- Church of Latter Day Saints
- Estate of James Campbell
- Florida Hospital
- Governors Island Preservation & Education Corp.
- Hershey Trust
- The Howard Hughes Corporation
- International Paper
- St. Johns Hospital
- Tulane University
- University of Virginia
- The Urban Land Institute

#### REITS
- Aimco
- Associated Estates
- AvalonBay Communities
- Cousins Properties
- Equity Residential
- Federal Realty Investment Trust
- First Potomac Realty Trust
- Wood Partners
- Vornado Realty Trust
- Washington Real Estate Investment Trust

www.rclco.com
STRATEGIC PLANNING

What is it, and why is it important?

Every company has a strategy. The question is whether the strategy is explicit—the result of careful planning, born out of a consensus among the company’s top leadership—or implicit—an unconscious decision to keep on doing what the company has been doing and simply muddle through. Many real estate firms follow the latter course.

Strategic planning is an intellectual-sounding name for a deceptively simple process: determining where a business is going and how it plans to get there. Asking where the company wants to go and how to get there every few years is a healthy exercise, one that is essential when times are uncertain but equally important as conditions improve, mature, and begin to move towards the next peak. The most successful companies regularly monitor economic and real estate market cycles, and revisit and adjust their strategies accordingly.

Companies with well-defined strategic plans and business strategy have the distinct advantage of clarity about the common direction. For publicly traded companies, the market has spoken; those with a clear focus and a well-articulated strategy tend to garner a premium from analysts and shareholders. For all real estate companies, a strategic plan and the planning process itself offer a competitive edge, enabling the company to focus its talents and energies and to measure achievements against expectations.

Strategic planning should aim to define the company’s future direction, focusing on opportunities, considering its internal and external realities, its history, its people, and the realities of capital, the marketplace, and other factors. Even if top managers already have a fairly good idea of the direction in which the company should be headed, they can benefit from a strategic planning process that tests hypotheses, explores more specific potentialities, and provides input—and creates buy-in—from the key players in the organization who will be charged with implementing the strategy. The process should take a fresh look at the company, its products or services, and the market to define a new vision for the firm or potentially chart a new course.

Representative Clients

- The Artery Group
- Arizona State Retirement System
- Associated Estates
- ATAPCO Properties
- Avalon Bay Communities
- Avatar Properties
- Balboa Land Investments
- Berkshire Property Advisors
- The Brick Companies
- Bonita Bay Properties
- The Bozzuto Group
- Clark Realty Capital
- Combined Properties
- Cohen Financial
- Continental Realty Corporation
- Crescent Resources, LLC
- Crosland
- Dell Webb Corporation
- Dominion Resources
- East West Partners
- Etkin Equities
- Fairfield Residential Company
- Forest City
- Haus Panama
- H.G. Fenton Company
- Hershey Trust
- Howard Hughes Co.
- Kettler
- Koger Equity, Inc.
- Mill Creek Residential Trust
- Misher Investments
- National Multi Housing Council
- Newland Communities
- Paradigm Properties
- Penzance Company
- Revolution/Miraval Resorts
- Stanley Martin Company
- Stuart Properties
- Summit Properties
- Trammell Crow Residential
- Transwestern
- Teachers of Texas
- Tejon Ranch Company
- The Urban Land Institute
- Washington Properties
- Watson Land Company

www.rclco.com
STRATEGIC PLANNING

Why companies plan?

Every real estate concern should undertake some level of strategic planning, regardless of its size or situation. For many, some type of catalytic event makes planning an urgent issue, including, but not limited to:

- **Changing Economic and Real Estate Environments** – a shift from one phase of the real estate cycle to the next—or the realization that one already has occurred—typically can trigger management to revisit and potentially alter the company’s strategy. Many companies hunkered down in the Great Recession found it necessary to suddenly plan for growth in 2010 and beyond. Today, real estate companies should be thinking about preparing for the next downturn, while the markets are still healthy.

- **Changes in Ownership or Leadership** – either an orderly or a traumatic shift in key leadership positions, whether in a family-owned and -operated business or a public company planning the succession from one owner/leader to the next, can trigger the need for a shift.

- **Mergers and Acquisitions** – these events often trigger the desire to question every aspect of a company’s strategy and to identify synergies, best practices, and efficiencies that often were the genesis of transactions in the first place.

- **Tremendous Growth** – in the recovery phase of the cycle, organizational structure and development have not kept pace with changes in the market or increases in activity. Such companies need to consider that the way they have conducted business in the past, indeed the very structure of the organization, may no longer make sense.

- **Challenges to Growth** – on the other side of the coin, decreasing levels of activity, changes in the competitive environment, or impediments to growth can trigger the need to reinvigorate or reposition, expand, diversify, or possibly rationalize activities, markets, products, or services.

- **Legacy Vision** – the desire to develop a well-thought-out strategic plan very often stems from the desire to create a long-term vision and lasting legacy, whereby the company can continue to perform in good times and bad and to prosper beyond the current ownership or administration.

Services

- Corporate, business unit, portfolio, or asset level strategies
- Enterprise risk management (ERM) strategies
- Growth, profitability, consumer-, product-, and place-based strategies
- Capital formation strategies
- Organization strategies
- Succession Planning
- Performance audits and benchmarks
# REPRESENTATIVE WORK

<table>
<thead>
<tr>
<th>Project</th>
<th>RCLCO’s Role</th>
</tr>
</thead>
</table>
| **Mill Creek Residential Trust, LLC (MCRT)**<br>2013 | **Client:** Top five national multifamily development; NEWCO consisting of former Trammel Crow Residential executives and team.  
**Situation:**  
- The key objective of this planning effort was to engage the leadership of the organization in defining the company’s future direction, focusing on long term goals and objectives, organization and governance structure, capital formation and structure, culture and brand, and competitive strategies that will ensure the firm’s success, prosperity, and sustainability.  
- Two key areas of focus included:  
  1. **Brand** - what are the company’s brand tenets (the promise it is going to make to its constituents and customers), the actions it will pursue to deliver on these promises, and how should the return on investment be defined and measured  
  2. **Culture** - what are the attitudes, experiences, beliefs, and core values that define Mill Creek, and how should the company define actions and behavior to achieve its strategic goals and objectives  
**RCLCO’s Role:** Conduct full-blown Discovery/Situation Analysis deep into the organization; directed independent research, analysis, and case studies; lead a series of internal and external interviews; facilitated and participated in multiply strategy planning session; documented strategy plan; currently managing implementation plan & coordination. |
| **Teachers Retirement System of Texas (TRS)**<br>2012 | **Client:** External Private Markets (EPM) Division that handles TRS’s investments in private equity, energy, and real assets, including real estate and other real asset classes. The Division had a net asset value of $9.4 billion, of which 88% was allocated to real estate according to a range of investment strategies, including core, value-add, opportunistic, and REITs.  
**Situation:**  
- RCLCO was retained to serve as a facilitator and objective resource guiding the tactical annual and long range 2020 strategic plan. The process consisted of two main elements:  
  1. Critically review the 2012 Division/Department Goals and the Investment Tactical Plan as they now stand, confirm the validity/attainability of the goals for and during 2012, address concerns and potential obstacles, and produce an implementation plan to guide the team’s actions in the year to come.  
  2. Development a management-driven long-term strategic plan for the Division that defines what the group will do to accomplish the CIO-driven objectives, and outline what it takes to succeed and how the group plans to do so.  
**RCLCO’s Role:** RCLCO led the team through an exercise to evaluate core competencies and competitive advantages, the investment strategy, the organization structure, the human capital strategy, and the efficiency and risk management strategies that will guide the group’s efforts for the 2012-2020 time horizon, and RCLCO documented the strategic plans. EPM team members were responsible for conducting the majority of the primary research. |
REPRESENTATIVE WORK

Project: Confidential Private-Sector Client
2013

Client: Multi-generation privately held real estate company concentrated in two basic geographic markets, Annapolis, Maryland, and Washington, D.C., active primarily in commercial office, retail, golf, and marina.

Situation:
- The company had successfully been generating current income and tax-efficient returns to the family stakeholders for the past two generations. The company had successfully navigated the tax code to transfer significant sums tied up in marketable securities into real estate assets. However, as the tax-preferred status of the company’s capital was set to expire, the company needed to contemplate how to grow the business to continue to satisfy the family stakeholders’ expectations, and incentivize the team of non-family employees to execute the growth strategy.
- Key questions that arose during the strategy planning discovery process included the likely future of the golf and marina businesses, the extent to which commercial office represented an attractive “legacy” asset, and whether the company should self-perform or outsource property management and leasing.

RCLCO’s Role: RCLCO conducted an audit of the company’s previous strategic plan. In its role as facilitator and resource to the strategy team, RCLCO supported the company’s internal strategy team, provided guidance, documented the plan and participated in presentations to the company’s family Board.
SELECTED REFERENCES

Akin Gump:
Abid Quereshi (bankruptcy litigation)
212.872.8027
aquareshi@akingump.com

Danny Golden (bankruptcy)
212.872.8010
dgolden@akingump.com

Cranwell, Moore & Emick:
Dick Cranwell (litigation)
540.904.1621
crc@cranwellmoorelaw.com

Fulbright & Jaworski:
John O’Malley (litigation)
213.892.9200
jomalley@fulbright.com

J.H. Cohn, L.L.P.:
Kevin Clancy (forensic accounting)
732.635.3108
kclancy@jhcohn.com

Kirkland & Ellis:
Mark McKane (litigation)
415.439.1473
mark.mckane@kirkland.com

McGuire Woods:
Michelle Gambino (litigation)
703.712.5470
mgambino@mcquirewoods.com

Moelis & Co.:
Bill Derrough (investment banking)
212.883.3830
William.derrough@moelis.com

Larry Kwon
212.880.7352
lawrence.kwon@moelis.com

Morgan, Lewis & Bockius:
Robert Gooding (litigation)
949.399.7181
rgooding@morganlewis.com

Quinn Emanuel:
Maria Ginzburg (litigation; at Kirkland & Ellis when we worked with her)
212.849.7000
mariaginzburg@quinnemanuel.com

Robbins, Russell, Englert, Orseck, Untereiner:
Larry Robbins (litigation)
202.775.4501
lrobbins@robbinsrussell.com

Gary Orseck (litigation)
202.775.4504
gorseck@robbinsrussell.com

Stearns Weaver:
Darrell Payne (litigation)
305.789.3415
dpayne@sternsweaver.com

Patricia (Trish) Redmond (litigation)
305.789.3553
predmond@stearnsweaver.com
OUR KNOWLEDGE

Metropolitan Growth Trends

Consumer Research

Housing Trends

Master Planned Communities

Transit-Oriented Development

Strategy Planning for Real Estate Companies
LEADERSHIP

Charles Hewlett
Managing Director

Charlie Hewlett is a Managing Director of RCLCO. His areas of specialization include: corporate strategic planning; multifamily housing market analysis (both rental and for-sale); metropolitan development trend analysis; economic, market, and financial feasibility analysis for single-, multiple-, and mixed-use residential and commercial real estate developments; consumer research; fiscal impact modeling; product program positioning; and market feasibility analysis.

Charlie has over 25 years of experience in real estate and has consulted on a broad spectrum of commercial and residential properties in most major metropolitan regions in the country. He has particular expertise in portfolio optimization and geographic deployment strategy; which is outlined in his recent book, Strategic Planning for Real Estate Companies.

Prior to joining RCLCO, he was president of Lofty Builders, Inc., a real estate service company concentrating in renovation, rehabilitation, and management of investment real estate properties in the Boston metropolitan area.

Charlie graduated from Brown University in Providence, Rhode Island.

He is a member of the Urban Land Institute and a frequent speaker at ULI as well as other industry organizations. Charlie has written articles published in the Corridor Real Estate Journal, Urban Land, and publications of the National Multi Housing Council. He is the author of Strategy Planning for Real Estate Companies, a ULI publication released in March 2008.
Gadi Kaufmann is Managing Director and CEO of RCLCO (Robert Charles Lesser & Co.), a premier end-to-end solutions provider in the real estate sector around the world. The firm offers entity- and portfolio-level strategy planning, economic and market analysis advisory work, due diligence and underwriting services, workouts and restructuring work, turnkey development management services, and transaction services.

RCLCO completes several hundred assignments per year, serving developers, lenders, private and institutional investors, and non-real estate entities (such as corporations, trusts and foundations, not-for-profit entities, and the government/public sectors) worldwide.

Gadi joined RCLCO in 1979. He specializes in economic consulting for real estate projects and portfolios; in corporate strategy planning and management consulting at the enterprise level; in transactional and negotiation services; and in financing and capital formation strategy formulation and implementation.

Gadi is an active board and committee member of several industry and academic organizations. Gadi is proud to contribute his leadership to the Urban Land Institute (ULI), an international organization whose mission is to provide leadership in the responsible use of land. ULI facilitates an open exchange of ideas, information, and experience among industry leaders and policymakers dedicated to creating better places. He currently serves as ULI Trustee; Governor of the ULI Foundation; National Advisory Board Member of the ULI Terwilliger Center for Housing; and Co-Chair of ULI/DC Regional Competitiveness and Cooperation Program in Washington, D.C. Gadi also serves as Chairman of the New Programs Committee of the Pension Real Estate Association (PREA), a non-profit trade association for the global institutional real estate investment industry. PREA’s mission is to serve its members engaged in institutional real estate investment through the sponsorship of objective forums for education, research initiatives, membership interaction, and the exchange of information.

In addition, Gadi serves as Chair of the Professional and Community Outreach Committee and Founding Member of the Board at the UCLA Ziman Center for Real Estate, a joint center of the Anderson School of Management and the School of Law, which creates and administers UCLA’s activities in the real estate field. He also serves on the Board of Advisors of the UCLA Luskin School of Public Affairs, the public affairs/public service graduate school at UCLA serving the community through best practices in scholarship, research, and teaching in the fields of social work, urban and regional planning, and policymaking. Finally, he also serves as an advisor and mentor to the UCLA Sharpe Fellowship Program.

Previously, Gadi served as ULI’s Membership Chair; Member of the Operating Committee; Chair of the 2010 Annual Meeting in Washington, D.C.; Vice Chairman of the Board; Chair of the Product Councils Chairmen Group; Chairman of the Program Committee; and Member of the Executive Committee. He held several notable positions within the YPO-WPO and CEO organizations, international business organizations for education and idea exchange, including Member of the YPO and CEO International Boards of Directors; Member of YPO’s Northeastern U.S. Regional Board; and various other leadership positions in the Santa Monica Bay and Washington, D.C., chapters.

Gadi also serves as an Editorial Advisory Board Member of The Institutional Real Estate Letter – North America. The Editorial Advisory Board has approximately 35 representatives from America’s leading pension funds, foundations, family offices, and endowments that focus on traditional real estate investments.
CONTACT US

Contact:

CHARLES HEWLETT
7200 Wisconsin Avenue
Suite 1110
Bethesda, MD 20814
(240) 644-1006
chewlett@rclco.com

GADI KAUFMANN
11601 Wilshire Boulevard
Suite 1650
Los Angeles, CA 90025
(310) 203-3033
gkaufmann@rclco.com

Offices:

AUSTIN
TODD LARUE
221 W. 6th Street
Suite 2030
Austin, TX 78701
(512) 215-3157

LOS ANGELES
GADI KAUFMANN
11601 Wilshire Boulevard
Suite 1650
Los Angeles, CA 90025
(310) 203-3033

ORLANDO
GREGG LOGAN
964 Lake Baldwin Lane
Suite 100
Orlando, FL 32814
(407) 515-4999

WASHINGTON, D.C.
CHARLES HEWLETT
7200 Wisconsin Avenue
Suite 1110
Bethesda, MD 20814
(240) 644-1006