

SUCCESS STORY

Increasing the Net Operating Income (NOI)

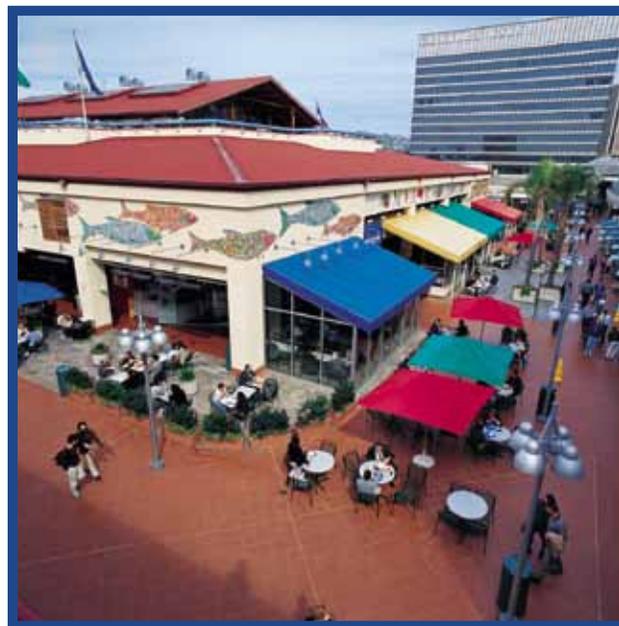
Upon obtaining the management of a property, Urban Retail Properties, LLC enlists the management, leasing, and accounting teams to analyze the financial statements with emphasis on improving the NOI.

Overview

The Galleria Houston, TX

- Increased NOI through re-tenanting and re-merchandising;
- Increased parking revenue by almost \$1 million. This was achieved with increased rates and by restructuring the valet services and replacing obsolete equipment in preferred parking areas that utilized pay-on-foot technology;
- Reduced common area costs by approximately \$1.8 million, principally by reducing on-site administrative overhead and by combining retail and office management personnel;
- Significantly reduced security personnel without any reduction in effectiveness; and
- Reduced the cost of the property insurance.

Due to the above changes, we utilized the substantial savings to put through to common area an equal dollar amount of renovation projects in 2000, 2001 and 2002 that otherwise would have come out of the owner's pocket or would have required long-term amortizations.



Century City Shopping Center

San Francisco Shopping Centre San Francisco, CA

The NOI increase was due primarily to leasing and specialty leasing efforts that provided new merchandising and higher rents.

Century City Shopping Center Los Angeles, CA

- Increased NOI without the benefit of a major renovation through re-tenanting, specialty leasing, and aggressively increasing monthly and transient parking rates in the parking garage;
- Reduced non-recoverable expenses by approximately \$700,000 by outright elimination of some items and reclassification of others from non-recoverable into common area; and
- Discontinued the owner's contribution of \$217,000 to the merchants' association. This was accomplished by eliminating the merchants' association and creating a promotional fund. The marketing program was unaffected, as there was still well over \$1 million in funds available.

Results

The Galleria NOI increased 21% in three years. San Francisco Centre NOI increased 52% in five years. Century City Shopping Center NOI increased 16% in three years.