

## **Younan Properties' "CD Portfolio" Loan Issues Resolved; Loan in "Good Standing" and Will Return to Normal Servicing**

**LOS ANGELES, September 15, 2009** --- Younan Properties, Inc., one of the nation's leading, privately-held real estate investment and asset management firms announced today that all issues have been resolved between the borrower and the special servicer LNR in connection with a \$261 million loan for one of its portfolios. The loan, which is in "good standing," will be transferred back to its normal loan servicer.

Zaya S. Younan, chairman and chief executive officer commented on the announcement. "We consistently stated that this dispute had nothing to do with our ability to meet our financial obligations, but rather stemmed from a technical dispute over approval provisions that led to a freeze of our own funded reserves, which we were using to fund tenant improvements. As a result, this loan was referred to its special servicer earlier this year." Younan added, "We were single-minded in our efforts to correct this servicing issue and we are pleased with the outcome."

The loan, representing four office properties in Chicago and three office properties in Dallas, was moved to special servicing in the first quarter of 2009. The servicing dispute centered around 200 N. LaSalle in the Chicago CBD, which is 92% leased and performing better than its submarket. Babcock & Brown, the former mezzanine lender sought to prohibit Younan from accessing its own reserve funds used for tenant improvements and leasing commissions. Babcock & Brown subsequently filed for bankruptcy protection in the first quarter of 2009.

Younan continued. "This is a 2.1 million SF stabilized office portfolio with about an 85% average occupancy and positive cash flow. This portfolio has a healthy DSCR, and we have achieved 830,000 SF of new leases and renewals in the last 18 months."

The four office properties in the Chicago metropolitan area include 200 N LaSalle, a high-rise office building in the Chicago CBD; 1600 Corporate Center, Rolling Meadows; Bannockburn Corporate Center, Bannockburn; and Kensington Corporate Center, in Mount Prospect. The portfolio also includes three Dallas office buildings; Energy Square I, II and III, located on the North Central Expressway.

"While this servicing issue received more public scrutiny than it deserved because of the current economic climate, we are proud of the fact that we were able to successfully resolve it using the same prudent business policies and practices that have made Younan Properties so successful in the past," Younan said.

Headquartered in Los Angeles, Younan Properties specializes in acquiring Class A office properties in high-growth U.S. markets. Known for its detailed, hands-on approach to improving operational efficiencies while maintaining top building standards for tenants, Younan is recognized for turning around undervalued assets and maximizing the value of stabilized assets. Younan has accumulated nearly 15 million square feet of Class A office buildings in California, Texas, Illinois and Arizona.

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