

Robert C. Clark

Vice President

Head of Capital Markets

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AEGON, nv	<p>AEGON, nv, is the 5th largest life insurance company in the world. The Company has major operations in the United States, The Netherlands, the United Kingdom and Canada. AEGON is also present in Hungary, Spain, Taiwan, Germany, Belgium, China, India and Japan.</p> <p>Close to 90% of AEGON's core business is life insurance and pension-related savings and investment products.</p>
AEGON USA	<p>AEGON's life insurance operations in the United States were formed in 1989 and are referred to collectively as AEGON USA. Products are offered through several life insurance subsidiaries, with licenses in every state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and Canada.</p> <p>These companies include: Life Investors Insurance Company of America, Monumental Life Insurance Company, Peoples Benefit Life Insurance Company, Stonebridge Life Insurance Company, Transamerica Financial Life Insurance Company, Transamerica Life Insurance Company, Transamerica Life Insurance and Annuity Company, Transamerica Occidental Life Insurance Company, and Western Reserve Life Assurance Co. of Ohio.</p>
AEGON USA Realty Advisors, Inc.	<p>Realty Advisors is part of the Investment Division of AEGON USA and is responsible for managing all real estate investment activity.</p> <p>This includes home office facilities, a \$12 billion commercial mortgage loan portfolio and The REAP Funds (Real Estate Alternatives Portfolio), a family of high yield funds investing in real estate equity, debt, timber, and energy.</p>

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Vice President, Head of Capital Markets	Executive manager of the Capital Markets Group which is responsible for portfolio management of The REAP Funds, securitization of mortgage loans (CMBS), mortgage loan credit ratings and analysis of REIT equities.
CMBS Securitization	Led an AEGON team through its first securitization of commercial mortgage loans and stands ready to execute similar transactions, as needed. Work product included pooling and structuring analytics as well as reverse engineering the investment bank's bond pricing model.
Portfolio Management, The REAP Funds	<p>Conceptualized and obtained Board level permission to create The REAP Funds, a family of high yield funds investing in real estate equity, debt, timber and energy. Authored the Private Placement Memorandum, LLC Operating Agreement and Subscription Agreement.</p> <p>Marketed the fund to internal investors (25 statutory life companies) and raised \$365 million of equity the first year (REAP 1) and \$437 million of equity the second year (REAP 2).</p> <p>Designed a matrix organization (including incentive and conflict resolution policies) to provide due diligence on REAP investment opportunities. Investments are made either directly, through Joint Ventures, or through third-party fund managers.</p> <p>Managed the negotiation of a \$50 million JV with United Dominion Realty (NYSE: UDR) to develop apartments in five cities. Currently negotiating other JVs with national and regional developers to acquire or develop property.</p> <p>Provide quarterly financial reports to investors and meet with them periodically to discuss REAP's pipeline, market conditions, and overall strategy.</p>
Voting Member, Investment Committee	Serve as a voting member on three investment committees: <ul style="list-style-type: none">• Commercial mortgage loans• Agri-business loans• REAP Fund investments
Director of Applied Research	Prior to heading up the Capital Markets Group, was responsible for researching market conditions by property type in major MSAs across the U.S. This included over 250 inspection trips over a six year period to all major markets in order to understand local dynamics. Key events and trends were identified and analyzed to develop strategic recommendations for the Investment Committee.

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Investment Community Relations	Responsible for maintaining relationships with investment banks, real estate developers, and third-party fund managers.	
Member, Appraisal Institute	Prior to working for AEGON, worked as an independent commercial real estate appraiser: <ul style="list-style-type: none">• Licensed since 1987.• MAI designation earned in 1991.	
BBA degree	University of North Texas – 1978. Majored in Real Estate.	
MBA degree	Edinburgh Graduate School of Business, Heriot-Watt University, Edinburgh Scotland, UK – 2003	
IT Systems Analysis & Design	1980s: Project Leader with 10 years experience in financial application systems analysis & design in an IBM mainframe environment. Recently redesigned AEGON’s asset valuation section of the commercial mortgage loan system including a new, sophisticated credit rating model for both commercial and agri-business loans.	
Employment Chronology	1993 to present	AEGON USA (Cedar Rapids, IA)
	1990 to 1993	Chase & Assoc. (Denver, CO)
	1987 to 1990	John G. Hirschy & Assoc. (Dallas, TX)
Hobbies	Flamenco & classical guitar. Competitive tournament player in chess and 9-ball. Camping / hiking.	
References	Available upon request.	

Atlas High Yield Equity Fund

Term Sheet

This section sets forth some of the key terms which would be presented in a Private Placement Memorandum for the Atlas High Yield Equity Fund, LLC

The Fund	Atlas High Yield Equity Fund (“Equity Fund”)
Objective, Targeted Yield and Strategy	<p>Objective: to invest in value-add real estate equity opportunities.</p> <p>Targeted Yield: 15 to 18% IRR, net to investors</p> <p>Strategy:</p> <ul style="list-style-type: none">• Phase I: investments would be made either through 3rd party managed real estate opportunity funds or by co-investing with those funds.• Phase II: once direct investment expertise is in place, analytic infrastructure is online, and the excellent Sponsorship of the fund is understood in the market, the Equity Fund will begin a migration from 3rd party managed funds toward more direct investments by forming JVs with top developers in major markets.
Managing Member	The Managing Member of the Equity Fund shall be Atlas Investment Advisors, LLC, whose Managing Member shall be Robert C. Clark, an Atlas Principal.
Investment by Atlas Employees	Atlas Employees will make annual pretax contributions through a separate Member.
Sponsor’s Commitment (Fund Size)	\$125 MM per year over a 3 year period.
Investment Period	3 years from the date of closing.
Capital Calls	Capital contributions will be called by the Managing Member in anticipation of specific investment closings or other capital requirements. Capital call notices will be sent to the Members no later than 10 business days before funding.

Geographic Limitation	The Equity Fund will focus exclusively on investments in North America (defined as the United States, its territories, Mexico and Canada), provided that not more than 20% of the aggregate capital commitments may be invested outside the United States.
Diversification	The Equity Fund will seek to achieve a high degree of diversification. The Managing Member expects that the average investment by the Equity Fund will utilize less than 10% or 15% (for individual investments and 3 rd party managed funds, respectively) of its total capital commitments. Not more than 15% of the Equity Fund's capital will be invested in any single investment and not more than 20% with any 3 rd party fund manager.
Expected Holding Period; Term	Investments will be targeted for liquidation in 2 to 4 years. Maximum holding period is 5 years after Investment Period, subject to two one-year extensions.
Exclusivity	Until the termination of the Investment Period, the Atlas Principals and their affiliates will be prohibited from acquiring for their own account any investment that, based on the Managing Member's good faith determination, is an investment that would be suitable for the Equity Fund (taking into account the Fund's investment policies and objectives, remaining investment capacity and diversification policy), unless the Fund has been offered the opportunity to make such investment on substantially the same or better terms and the Fund shall have declined to make such investment with the approval of the Advisory Committee.
Organization of any New Fund	At any time prior to the earlier of (i) the end of the Investment Period and (ii) the first date on which the Equity Fund is at least 75% invested or committed to investment, the Atlas Principals and their affiliates will be prohibited from forming an investment fund with investment objectives and targeted investments which are substantially similar to those of the Equity Fund.
Leverage	<p>The Equity Fund intends to prudently leverage its investments, subject to the following targeted maximums:</p> <p><u>Direct investments:</u> Construction loans: 90% of cost. Apartments and industrial permanent financing: 80% of market value. All other permanent financing: 75% of market value.</p> <p><u>3rd party managed funds:</u> The Equity Fund will not leverage any investments it makes in 3rd party managed funds. However, those funds are expected to utilize leverage limitations similar to those stated above for direct investments.</p>

	<p><u>Subscription financing:</u> The Equity Fund expects to enter into a revolving credit agreement in order to temporarily fund investments or pay expenses with borrowings in advance of calling capital contributions. The Equity Fund expects to secure the credit facility by collateral assignment of the capital contribution obligations of the Members, in which case Members may be required to confirm that such obligations are unconditional, to honor capital calls made by the lender in certain circumstances, to provide financial information and to execute other documents required to obtain such facility.</p>
Transactions with Affiliates	The Equity Fund will not purchase any assets from or sell any assets to any Atlas affiliate, nor any entity under the control of an Atlas affiliate.
Management Fee	<p>On the first day of each calendar month, the Equity Fund will pay to the Managing Member, in advance, a monthly Management Fee equal to 1/12th of 1.5% of the Members' capital contributions, less the capital cost of disposed assets, plus unexpired capital commitments, subject to the annual maximum callable amount.</p> <p>The Management Fee will compensate the Managing Member for its employment expenses (including other employment-related overhead) incurred in connection with the provision of executive management, acquisition services, asset management and investor relations services.</p>
Acquisition & Disposition Fees	None.
Organization and Offering Expenses	Out-of-pocket expenses incurred by Atlas Investment Advisors, LLC in connection with the offering of the Interests, the organization of the Equity Fund and the Managing Member and related matters will be paid by the Equity Fund.
Other Expenses	<p>The Managing Member will be responsible for the compensation of officers and employees and office overhead of the Managing Member, except as described below.</p> <p>The Equity Fund will be responsible for all out-of-pocket expenses incurred by the Managing Member in connection with the Equity Fund's business, including all travel and other out-of-pocket expenses of the Managing Member incurred in connection with potential investments (whether or not consummated) and the evaluation, acquisition, ownership, sale or financing of any investment, all litigation-related and indemnification expenses, and all administrative expenses of the Equity Fund, such as fees to auditors, attorneys, appraisers and other professionals and the cost of reports to Members.</p>

	<p>The Managing Member or its affiliates may provide accounting, tax, legal or other similar services to the Equity Fund that would otherwise be performed for the Equity Fund by third parties. In such event, the Equity Fund will reimburse the cost of performing such services (including employment costs and related overhead expenses allocable thereto, as reasonably determined by the Managing Member based on the time expended by the employees who render such services), provided that the Managing Member reasonably determines that such reimbursements shall not exceed the amount that would be payable by the Equity Fund if such services were provided by third parties on an arms' length basis.</p> <p>The Managing Member will report all such reimbursements to the Advisory Committee annually. The Managing Member will not otherwise be entitled to reimbursement of employment or other overhead expenses.</p>
<p>Distributions</p>	<p>All cash available for distribution by the Equity Fund from any investment will be distributed by the Equity Fund on a quarterly basis as set forth below:</p> <ol style="list-style-type: none"> (1) 100% to the Investors on a pro rata basis until they receive a 10% per annum annually compounded cumulative return on their total unreturned capital allocable to such investments; (2) 100% to the Investors on a pro rata basis until they receive a return of their total unreturned capital allocable to such investment; (3) 100% to the Investors on a pro rata basis until they receive any shortfalls in the amounts described in (1) and (2) above relating to investments that have been disposed of; (4) Subject to the deferral of a portion of the carried interest distributions to the Managing Member as described below, 50% to the Members on a pro rata basis and 50% to the Managing Member until the Managing Member has received 20% of the total amount distributed to all other Members in excess of amounts distributed as a return of capital in respect of such investment that has been disposed of; and (5) Subject to the deferral of a portion of the carried interest distributions to the Managing Member as described below, 80% to the Members on a pro rata basis and 20% to the Managing Member.

<p>Clawback Provision</p>	<p>Notwithstanding the foregoing provisions, until such time as all the Members shall have received aggregate distributions sufficient to return all their capital contributions plus a 10% return on a portfolio basis, 35% of all amounts otherwise distributable to the Managing Member in respect of its carried interest instead shall be distributed to the Members. Thereafter, all further distributions will be made to the Managing Member until it has recouped all deferred carried interest distributions plus a 10% per annum annually compounded return thereon.</p> <p>For purposes of applying the foregoing provisions, (i) all assets acquired as part of a single portfolio shall be deemed to be a single “investment,” (ii) the capital allocated to any investment shall be deemed to include an allocable share of any capital contributions used to fund expenses not directly related to any particular investment, and (iii) all distributions to Members from a particular investment in excess of their preferred return and capital allocable to such investment will be credited on a pro rata basis against the preferred return and capital allocable to all other investments.</p> <p>Cash distributed in connection with a liquidation of the Equity Fund will be distributed in accordance with the capital account balances of its Members, which should approximate a distribution in accordance with the above-described cash distribution priorities.</p>
<p>Tax Allocations</p>	<p>The Equity Fund will maintain a capital account for each of its Members. Taxable income and tax losses generally will be allocated among the Members for tax and capital account purposes in a manner consistent with the cash distribution priorities described above.</p>
<p>Investment Committee</p>	<p>The Managing Member will establish an Investment Committee, which shall have the responsibility for making significant management decisions on behalf of the Managing Member relating to the Equity Fund. The Investment Committee will consist of four individuals appointed by the Managing Member and one individual appointed by the Sponsor. The Managing Member’s appointments are subject to the approval of the Atlas Principals. Investment Committee responsibilities include approval of all investments, material financings, dispositions, capital and operating plans and budgets, and material third-party relationships. Decisions of the Investment Committee will require approval of a majority of its members.</p>
<p>Advisory Committee</p>	<p>The Equity Fund will establish an Advisory Committee (the “Advisory Committee”) with individuals designated by certain Members. The Managing Member will offer representation on said committee to at least a majority-in-interest of the Fund’s Members (other than Atlas affiliates), including each Member having aggregate capital commitments of at least \$50 million. The Member representing the Atlas Employee Deferred Compensation Pool shall designate an individual to the Advisory Committee.</p>

	<p>The Advisory Committee will meet with the Managing Member semiannually to consult on various matters, including investment strategy, financing strategy, disposition strategy, asset valuation (report format and frequency) and other expenses as noted above. Members of the Advisory Committee will be reimbursed for their reasonable out-of-pocket expenses relating to their Advisory Committee membership but shall not be entitled to any other compensation for serving on the Advisory Committee.</p>
Default Provision	<p>A Member who does not fund a capital call within the applicable time period will be considered to be in default and will be subject to certain remedies specified in the Operating Agreement, including among others, dilution of its percentage interest and setoff against or withholding of distributions otherwise payable to such Member.</p> <p>As a condition to exercising such remedies, however, the Managing Member must first give the defaulting Member written notice of the default and an opportunity to cure the default within two business days thereafter (or, if later, 10 business days after the occurrence of the default). A default by any one Member will not relieve any other Member from its obligations to fund a capital call. In addition, the other Members may be required to contribute additional amounts to cover any defaulted amounts, but the aggregate capital commitments of the other Members will not increase.</p>
Transferability of Interests	<p>Members may not sell, assign or transfer, directly or indirectly, their interests in the Equity Fund without the prior consent of the Managing Member, which consent may be granted or denied in the Managing Member's sole discretion.</p> <p>The Managing Member and each affiliate of the Atlas Principals that owns an interest in the Equity Fund as a Member may not sell, assign or transfer any of their interests in the Equity Fund without the consent of a majority in interest of the Members (excluding Members affiliated with the Atlas Principals), except to another entity in which more than 50% of the ownership interests are directly or indirectly owned by, or under common ownership with, the Atlas Principals.</p>
Key Investment Principal	<p>Robert C. Clark (or his designated replacement per the terms of his agreement with the Atlas Principals) will be required to remain actively involved as a member of the Equity Fund's Investment Committee until the termination of the Fund's Investment Period, subject to the right of the Managing Member to designate a replacement not later than 45 days after Mr. Clark shall cease to be a member, provided such replacement member is approved by the Atlas Principals and the Advisory Committee, such approval not to be unreasonably withheld.</p>

	<p>If the foregoing obligation is not complied with, the Investment Period for the Equity Fund will be subject to early termination by vote of the Members holding at least 75%-in-interest of the percentage of interests held by the Members (excluding Members affiliated with the Atlas Principals).</p>
Removal of the Managing Member	<p>Members holding at least two-thirds of the percentage interests held by the Members (excluding Members affiliated with the Atlas Principals) may remove and replace the Managing Member in the event that the Managing Member commits gross negligence or willful misconduct in the performance of its duties under the Operating Agreement which results in a material damage to the Equity Fund. In that case, the Managing Member will forfeit its right to receive future distributions of its carried interest but will retain its carried interest as a Member.</p>
Indemnification	<p>The Managing Member will not be liable to the Equity Fund or to the Members for any act or omission on its part in the absence of gross negligence, willful misconduct, recklessness, fraud, violation of fiduciary duty or its breach of the Operating Agreement.</p> <p>The Equity Fund will indemnify the Managing Member and its Members and affiliates and each member of the Investment Committee or the Advisory Committee, for any loss or damage incurred by them arising out of, or in connection with, the Equity Fund's business, except for loss or damage arising from an indemnified party's gross negligence, willful misconduct, recklessness, fraud, violation of fiduciary duty or, in the case of the Managing Member, breach of the Operating Agreement.</p>
Amendments and Waivers	<p>In general, the provisions of the Equity Fund's Operating Agreement may be amended or waived by the Managing Member with the consent of the Atlas Principals and a majority-in-interest of the Members (excluding Members affiliated with the Atlas Principals), except that an amendment may not increase the capital contribution obligations or the liability of a Member beyond that expressly set forth in the Operating Agreement without the consent of such Member.</p> <p>Certain amendments may be made by the Managing Member without said consent including amendments necessary (i) to ensure the Equity Fund's tax allocations satisfy the requirements of Section 704(b) and Section 514(c)(9) of the Code or to ensure that liquidating distributions reflect the entitlements of the Members to cash distributions, (ii) to reflect the exercise of any remedies with respect to a default by any Member or (iii) to cause the Equity Fund to conduct its business in compliance with Federal and state laws and regulations, including the Plan Assets Regulation.</p>

<p>Reporting</p>	<p>Members will receive an annual report on the Equity Fund’s operations, audited annual financial statements, unaudited quarterly financial statements and the annual tax information necessary for the completion of their income tax returns.</p>
<p>Tax Considerations</p>	<p>The Operating Agreement provides that the Equity Fund will seek to minimize the aggregate amount of UBTI-related Federal income taxes payable by “qualified organizations” to the extent reasonably practicable and consistent with its objective of maximizing the pre-tax returns of the Members.</p> <p>However, it is possible that a significant portion of the Fund’s income will be treated as UBTI. Each prospective Investor should consult with its own tax adviser regarding all the Federal, state, local and foreign tax considerations applicable to an investment pursuant to this offering.</p> <p>To the extent consistent with the investment objective of the Equity Fund to maximize the pre-tax return to Investors, the Managing Member will use its reasonable efforts to structure investments and otherwise conduct the Equity Fund’s business so as to minimize the imposition of any tax withholdings or deductions by any taxing authority with respect to any investment (other than withholdings or deductions that are refunded to the Equity Fund or the Members of the Equity Fund).</p>
<p>ERISA Considerations</p>	<p>Employee benefit plans as defined in Section 3(3) of ERISA, (whether or not subject to Title I of ERISA), plans described in Section 4975(e)(1) of the Code, government plans, church plans and entities the underlying assets of which include plan assets by reason of investment therein by such entities (“Benefit Plan Investors”) may subscribe for Units, but may not acquire the Units, if after giving effect to the acquisition, Benefit Plan Investors would hold 25% or more of the Units of the Equity Fund, unless the issuance of Units to such entity would not result in the assets of the Equity Fund being subject to the prohibited transaction and fiduciary responsibility rules of ERISA.</p> <p>Benefit Plan Investors may acquire the Units for which they have subscribed on a pro rata basis as soon as, after giving effect to such acquisition, Benefit Plan Investors would hold less than 25% of the Units or the assets of the Equity Fund would not be subject to the prohibited transaction and fiduciary responsibility rules of ERISA.</p>

	<p>In addition, the Operating Agreement of the Equity Fund prohibits the assignment or transfer of Units, if after taking into account the effect of the acquisition, assignment or transfer, Benefit Plan Investors would hold 25% or more of the outstanding Units of the Equity Fund and the assets of the Equity Fund would become subject to the prohibited transaction and fiduciary responsibility rules of ERISA.</p> <p>The Managing Member has the right to reject any subscription for or assignment of Units which would result in the assets of the Equity Fund being subject to the prohibited transaction and fiduciary responsibility rules of ERISA.</p>
Additional Information	<p>Copies of the Operating Agreement and the form of Subscription Agreement to be executed by purchasers of the Interests will be supplied to prospective investors before any binding commitments are accepted from such investors. The information set forth in this Memorandum is qualified in its entirety by reference to the detailed information contained in such additional documentation. Accordingly, prospective investors and their advisers should carefully review and evaluate such additional documentation.</p>

Atlas High Yield Equity & Debt Funds

Summary of Key Terms

Fund Type	Equity	Debt
Targeted Investments	Phase I: Opportunity Funds with expected holds of 2 to 4 years Phase II: JVs with Developers (renovation, repositioning)	Subordinate CMBS B-Notes Mezzanine Loans
Targeted IRRs	15 – 18%, net to Investors	12 – 16%, net to Investors
Investment by Atlas Employees	Approximately 1/3 rd of Atlas bonus compensation will be reinvested in both funds.	Approximately 1/3 rd of Atlas bonus compensation will be reinvested in both funds.
Sponsor's Commitment	\$125 MM per year for 3 years	Sufficient to fund production. Residual investment in the debt fund is estimated to be: 2004: \$91 MM 2005: \$226 MM 2006: \$269 MM
Capital Calls	10 business days before funding.	10 business days before funding.
Geographic Limitation	North America (United States, its territories, Mexico and Canada) – provided that not more than 20% of aggregate capital commitments may be invested outside the United States.	United States and its territories.
Diversification	<u>Single property investment:</u> Average less than 10% of capital; Maximum 15%. <u>3rd party managed fund investment:</u> Average less than 15% of capital; Maximum 20%.	Average investment will utilize less than 10% of total capital commitments. Maximum of 15% of capital in any single investment.
Investment Period	3 years	3 years

<p>Expected Holding Period; Term</p>	<p>Investments will be targeted for a hold of 2 to 4 years. However, some 3rd party managed funds might occasionally go a bit longer. As such, the Holding Period for this fund is conservatively set at:</p> <p>5 years after the Investment Period + 2 one-year extension options.</p>	<p>5 years after the Investment Period, then a 2 year Liquidation Period, + 2 one-year extension options.</p>
<p>Leverage</p>	<p><u>Direct investments:</u> Construction loans: 90% LTC Apt & Industrial: 80% LTV All other types: 75% LTV</p> <p><u>3rd Party Managed Funds:</u> No additional leverage over that which Fund Managers will utilize – expected to be similar to levels for Direct Investments.</p>	<p><u>Secured by CMBS:</u> Short term: 55% of purch price. Long term: 80% of purch price.</p> <p><u>Non-CMBS limits:</u> B-Notes: 60% of par value. Mezzanine: 50% of par value.</p> <p><u>The Liquidation Period</u> will have no limitations on financing in order to provide the greatest flexibility in options available for the liquidation of the Debt Fund’s holdings.</p>
<p>Acquisition Fee</p>	<p>None</p>	<p>None</p>
<p>Management Fee</p>	<p>1.5% of invested capital and remaining callable capital (subject to maximum annual callable amount). Fee declines as the Fund liquidates.</p>	<p>1.0% of invested capital and remaining callable capital (subject to maximum annual callable amount). Fee declines as the Fund liquidates.</p>
<p>Disposition Fee</p>	<p>None</p>	<p>None</p>

Distributions	<ol style="list-style-type: none"> 1. 10% annually compounded, cumulative preferred return to Investors; 2. 100% to Investors until they have a return of their unreturned capital allocable to such investment; 3. 100% to Investors until they receive any shortfalls in (1) and (2) above relating to investments that have been disposed of; 4. 50% to Investors, 50% to the Fund Manager until Fund Manager has received 20% of total distributions to all Investors; 5. 80% to Investors, 20% to Fund Manager thereafter. 	<ol style="list-style-type: none"> 1. 9% annually compounded, cumulative preferred return to Investors; 2. 100% to Investors until they have a return of their unreturned capital allocable to such investment; 3. 100% to Investors until they receive any shortfalls in (1) and (2) above relating to investments that have been disposed of; 4. 70% to Investors, 30% to the Fund Manager until Fund Manager has received 20% of total distributions to all Investors; 5. 80% to Investors, 20% to Fund Manager thereafter.
Clawback Provision	35% of Fund Manager's promote is distributed to the Investors until preferred return is earned on a portfolio basis. Then the Fund Manager gets 100% of distributions until the deferred promote has been repaid, plus 10% cumulative compounded interest.	35% of Fund Manager's promote is distributed to the Investors until preferred return is earned on a portfolio basis. Then the Fund Manager gets 100% of distributions until the deferred promote has been repaid, plus 9% cumulative compounded interest.
Tax Allocations	Generally allocated in accordance with cash distribution priorities described above.	Generally allocated in accordance with cash distribution priorities described above.
Investment & Advisory Committees	Representation by both the Sponsor and the Atlas Principals.	Representation by both the Sponsor and the Atlas Principals.
Reporting	Audited annual financial statements. Unaudited quarterly financials. Necessary tax information.	Audited annual financial statements. Unaudited quarterly financials. Necessary tax information.

Atlas High Yield Fund, LP

The objectives of Atlas High Yield Fund, LP are many:

- Provide a vehicle for managing CMBS subordinate bonds originated by an Atlas affiliate
- Actively manage the deferred bonus compensation pool of Atlas employees
- Minimize losses through high quality underwriting and servicing of investments
- Achieve the benefits of diversification through various real property asset classes
- Provide an IRR of 12 to 15% for Limited Partners
- Provide an IRR of 17 to 22% for the Sponsor (65% of the GP)
- Compensate key Principals (35% of the GP) for outstanding performance

Initial seed capital for operations and investment will come from the Sponsor. Operations will soon become self-sufficient from fund cash flows. Additional investments will follow from Atlas employees' deferred bonus compensation. Eventually, outside parties (institutions and high net worth individuals) may be invited to contribute capital (in lieu of Sponsor contributions beyond Year 2) in order to maintain the proportional balance between CMBS investments and the remainder of the pool.

Permitted asset classes are: CMBS subordinate bonds (down to Non-Rated), opportunistic real estate equity ("fix and flip"), core real estate equity (solid cash flows and growth), and energy (oil & gas, mostly proven producing reserves with price hedging). These asset classes can be accessed as direct investments, through joint ventures with local developers, and through third party fund managers.

Although holding periods will vary depending on expected yields and alternative investment opportunities, this business plan assumes a five year hold for each investment.

Throughout this paper, dollar amounts are expressed in millions (\$MM). Years are counted beginning with zero (start-up year) and "end of period" discounting is assumed. As such, dollars (and likewise, employee counts) shown in Year 0 represent the start-up year and are assumed to be in place by the end of the year, ready for next year's production. Year 1 is the first stabilized year of production.

The following tables illustrate the proposed allocation of the four asset classes and the resulting weighted average total return expectations. Total return is delineated between its income and growth components.

Asset Class Allocation	Exp Yield	Alloc	\$MM
Energy	19.6%	15%	32
Opportunity	19.4%	20%	42
Core	15.4%	20%	42
CMBS	13.3%	45%	95
Wtd Avg / Total		100%	211

Income Profiles	1	2	3	4	5
Energy	5.1%	4.4%	3.9%	3.6%	3.3%
Opportunity	3.1%	2.7%	3.4%	7.5%	7.8%
Core	8.3%	8.5%	8.6%	8.8%	8.9%
CMBS	11.8%	11.4%	11.1%	10.9%	10.8%
Wtd Avg	8.4%	8.0%	8.0%	8.7%	8.7%
Phased		8.4%	8.0%	8.0%	8.7%
			8.4%	8.0%	8.0%
				8.4%	8.4%
Wtd Avg Income%	8.4%	8.2%	8.1%	8.3%	8.4%
Growth Profiles	1	2	3	4	5
Energy	25.8%	21.2%	18.0%	15.8%	-3.1%
Opportunity	16.5%	44.4%	10.6%	3.0%	-0.1%
Core	7.0%	6.8%	6.7%	6.6%	6.5%
CMBS	3.7%	2.7%	1.7%	0.8%	0.0%
Wtd Avg	10.2%	14.6%	7.0%	4.7%	0.8%
Phased		10.2%	14.6%	7.0%	4.7%
			10.2%	14.6%	7.0%
				10.2%	14.6%
Wtd Avg Growth%	10.2%	12.4%	10.6%	9.1%	7.5%
Total Return%	18.6%	20.6%	18.8%	17.4%	15.8%

The various sources of capital are expected to contribute into the fund according to the following schedule. Note: equity balances are then increased annually according to the expected Growth component of Total Return.

Sources of Capital	0	1	2	3	4	5
Sponsor's Seed Capital	108	108	0	0	0	
Secondary Capital	-	-	108	108	108	
CMBS Production	95	95	95	95	95	
Deferred Bonus Capital	8	8	8	8	8	
Total Capital	211	211	211	211	211	
EOY Equity Balance	211	233	267	285	299	301
Phased in annually		211	233	267	285	299
Appreciates at TRg rate			211	233	267	285
				211	233	267
					211	233
EOY Equity	211	444	711	996	1,295	1,385

Based on the above, the following gross, total returns are expected:

Total Return (\$MM)	1	2	3	4	5
Income	17.7	36.4	57.9	82.5	108.3
Growth	21.6	55.2	75.4	90.9	96.6
Total	39.3	91.6	133.2	173.4	204.9

Overhead

Overhead was estimated in two steps: (1) total compensation and (2) operating expenses. In order to estimate total compensation, it was necessary to define how many employees will ultimately be required, the timing of those employees' hire dates, base pay rates, non-cash compensation costs, and bonuses.

The total number of employees was estimated using other real estate opportunity funds as a proxy for number of employees per \$1MM in assets. Estimated base salaries and bonuses were compared to a recent AIMR survey for comparability.

The final Staffing Plan (details of which are on the following page) bears a close resemblance to staffing implied by industry averages:

End of Year	0	1	2	3	4	5
Total Assets	211	444	711	996	1,295	1,385
Industry Avg Implies						
Annual Hires:	13	8	8	8	3	
Cumulative:	13	20	28	37	39	
Staffing Plan						
Annual Hires:	12	8	7	7	2	
Cumulative:	12	20	27	34	36	

Finally, a comparison to AIMR summary statistics shows that the Staffing Plan has achieved a comparable total compensation while offering a slightly lower base combined with a higher bonus system. This is appropriate given the entrepreneurial nature of the Atlas High Yield Fund.

AIMR Survey Data - 2001		% of Base	Staffing Plan	
Median Salary	140,000	100%	Proposed	130,000 Lower
Median Bonus	75,000	54%	Proposed	73% Higher
Median Non-Cash Comp	20,000	14%		
Unexplained Diff	10,000	7%		
Median Total Comp	245,000	175%	Proposed	242,450 On target

The details of the Staffing Plan follow.

Staffing Plan		Non-Cash	Bonus		Total	Year of Hire:				
Function	Base Salary	14%	%Base	Bonus\$	Comp	0	1	2	3	4
CEO	230,000	32,200	98%	224,250	486,450	1				
CIO	200,000	28,000	90%	180,000	408,000	1				
Core Acquisitions	165,000	23,100	81%	134,063	322,163		1			
Associate	130,000	18,200	73%	94,250	242,450			1		
Associate	130,000	18,200	73%	94,250	242,450				1	
CMBS Acquisitions	165,000	23,100	81%	134,063	322,163	1				
Associate	130,000	18,200	73%	94,250	242,450			1		
Development / Oppty	165,000	23,100	81%	134,063	322,163		1			
Associate	130,000	18,200	73%	94,250	242,450				1	
Energy Acquisitions	165,000	23,100	81%	134,063	322,163	1				
Associate	130,000	18,200	73%	94,250	242,450				1	
Asset Management	160,000	22,400	80%	128,000	310,400		1			
Associate	130,000	18,200	73%	94,250	242,450			1		
Asset Management	160,000	22,400	80%	128,000	310,400			1		
Associate	130,000	18,200	73%	94,250	242,450				1	
Asset Management	160,000	22,400	80%	128,000	310,400					1
Associate	130,000	18,200	73%	94,250	242,450					1
Dispositions	160,000	22,400	80%	128,000	310,400				1	
Associate	130,000	18,200	73%	94,250	242,450				1	
CFO	200,000	28,000	90%	180,000	408,000	1				
Debt Financing	165,000	23,100	81%	134,063	322,163	1				
JV Management	165,000	23,100	81%	134,063	322,163			1		
Investor Relations	165,000	23,100	81%	134,063	322,163	1				
Associate	130,000	18,200	73%	94,250	242,450			1		
COO	200,000	28,000	90%	180,000	408,000	1				
Financial Accounting	165,000	23,100	81%	134,063	322,163	1				
Associate	130,000	18,200	73%	94,250	242,450		1			
Treasury	130,000	18,200	73%	94,250	242,450	1				
Associate	100,000	14,000	65%	65,000	179,000		1			
Tax	85,000	11,900	61%	52,063	148,963		1			
Insurance	85,000	11,900	61%	52,063	148,963		1			
Administration	70,000	9,800	58%	40,250	120,050	1				
Admin. Asst.	50,000	7,000	53%	26,250	83,250	1				
Admin. Asst.	50,000	7,000	53%	26,250	83,250		1			
Admin. Asst.	50,000	7,000	53%	26,250	83,250			1		
Admin. Asst.	40,000	5,600	50%	20,000	65,600				1	

Phased Base + Non-Cash Compensation (Real)

262,200	262,200	262,200	262,200	262,200	262,200
228,000	228,000	228,000	228,000	228,000	228,000
-	188,100	188,100	188,100	188,100	188,100
-	-	148,200	148,200	148,200	148,200
-	-	-	148,200	148,200	148,200
188,100	188,100	188,100	188,100	188,100	188,100
-	-	148,200	148,200	148,200	148,200
-	188,100	188,100	188,100	188,100	188,100
-	-	-	148,200	148,200	148,200
188,100	188,100	188,100	188,100	188,100	188,100
-	-	-	148,200	148,200	148,200
-	182,400	182,400	182,400	182,400	182,400
-	-	148,200	148,200	148,200	148,200
-	-	182,400	182,400	182,400	182,400
-	-	-	148,200	148,200	148,200
-	-	-	-	182,400	182,400
-	-	-	-	148,200	148,200
-	-	-	182,400	182,400	182,400
-	-	-	148,200	148,200	148,200
228,000	228,000	228,000	228,000	228,000	228,000
188,100	188,100	188,100	188,100	188,100	188,100
-	-	188,100	188,100	188,100	188,100
188,100	188,100	188,100	188,100	188,100	188,100
-	-	148,200	148,200	148,200	148,200
228,000	228,000	228,000	228,000	228,000	228,000
188,100	188,100	188,100	188,100	188,100	188,100
-	148,200	148,200	148,200	148,200	148,200
148,200	148,200	148,200	148,200	148,200	148,200
-	114,000	114,000	114,000	114,000	114,000
-	96,900	96,900	96,900	96,900	96,900
-	96,900	96,900	96,900	96,900	96,900
79,800	79,800	79,800	79,800	79,800	79,800
57,000	57,000	57,000	57,000	57,000	57,000
-	57,000	57,000	57,000	57,000	57,000
-	-	57,000	57,000	57,000	57,000
-	-	-	45,600	45,600	45,600
2,171,700	3,243,300	4,263,600	5,232,600	5,563,200	5,563,200

Phased Bonus Compensation (Real)

0	224,250	224,250	224,250	224,250	224,250
0	180,000	180,000	180,000	180,000	180,000
-	134,063	134,063	134,063	134,063	134,063
-	-	94,250	94,250	94,250	94,250
-	-	-	94,250	94,250	94,250
0	134,063	134,063	134,063	134,063	134,063
-	-	94,250	94,250	94,250	94,250
-	134,063	134,063	134,063	134,063	134,063
-	-	-	94,250	94,250	94,250
0	134,063	134,063	134,063	134,063	134,063
-	-	-	94,250	94,250	94,250
-	128,000	128,000	128,000	128,000	128,000
-	-	94,250	94,250	94,250	94,250
-	-	128,000	128,000	128,000	128,000
-	-	-	94,250	94,250	94,250
-	-	-	-	128,000	128,000
-	-	-	-	94,250	94,250
-	-	-	128,000	128,000	128,000
-	-	-	94,250	94,250	94,250
0	180,000	180,000	180,000	180,000	180,000
0	134,063	134,063	134,063	134,063	134,063
-	-	134,063	134,063	134,063	134,063
0	134,063	134,063	134,063	134,063	134,063
-	-	94,250	94,250	94,250	94,250
0	180,000	180,000	180,000	180,000	180,000
0	134,063	134,063	134,063	134,063	134,063
-	94,250	94,250	94,250	94,250	94,250
0	94,250	94,250	94,250	94,250	94,250
-	65,000	65,000	65,000	65,000	65,000
-	52,063	52,063	52,063	52,063	52,063
-	52,063	52,063	52,063	52,063	52,063
0	40,250	40,250	40,250	40,250	40,250
0	26,250	26,250	26,250	26,250	26,250
-	26,250	26,250	26,250	26,250	26,250
-	-	26,250	26,250	26,250	26,250
-	-	-	20,000	20,000	20,000

0	2,281,063	2,946,375	3,565,625	3,787,875	3,787,875
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Total Compensation (with Bonuses paid in the next year)

262,200	262,200	486,450	486,450	486,450	486,450	
228,000	228,000	408,000	408,000	408,000	408,000	
-	188,100	322,163	322,163	322,163	322,163	
-	-	148,200	242,450	242,450	242,450	
-	-	-	148,200	242,450	242,450	
188,100	188,100	322,163	322,163	322,163	322,163	
-	-	148,200	242,450	242,450	242,450	
-	188,100	322,163	322,163	322,163	322,163	
-	-	-	148,200	242,450	242,450	
188,100	188,100	322,163	322,163	322,163	322,163	
-	-	-	148,200	242,450	242,450	
-	182,400	310,400	310,400	310,400	310,400	
-	-	148,200	242,450	242,450	242,450	
-	-	182,400	310,400	310,400	310,400	
-	-	-	148,200	242,450	242,450	
-	-	-	-	182,400	310,400	
-	-	-	-	148,200	242,450	
-	-	-	182,400	310,400	310,400	
-	-	-	148,200	242,450	242,450	
228,000	228,000	408,000	408,000	408,000	408,000	
188,100	188,100	322,163	322,163	322,163	322,163	
-	-	188,100	322,163	322,163	322,163	
188,100	188,100	322,163	322,163	322,163	322,163	
-	-	148,200	242,450	242,450	242,450	
228,000	228,000	408,000	408,000	408,000	408,000	
188,100	188,100	322,163	322,163	322,163	322,163	
-	148,200	242,450	242,450	242,450	242,450	
148,200	148,200	242,450	242,450	242,450	242,450	
-	114,000	179,000	179,000	179,000	179,000	
-	96,900	148,963	148,963	148,963	148,963	
-	96,900	148,963	148,963	148,963	148,963	
79,800	79,800	120,050	120,050	120,050	120,050	
57,000	57,000	83,250	83,250	83,250	83,250	
-	57,000	83,250	83,250	83,250	83,250	
-	-	57,000	83,250	83,250	83,250	
-	-	-	45,600	65,600	65,600	
	0	1	2	3	4	5
(\$MM)						
Total Compensation:	2.17	3.24	6.54	8.18	9.13	9.35
Impact of 4% Inflation:	2.17	3.37	7.08	9.20	10.68	11.38

The following table completes the Overhead estimate for the fund. The color coded regions help to illustrate the methodology.

First, references were made to industry ratios to estimate an appropriate level of profit before taxes. Then, $(1 - \text{Profit Margin})$ was multiplied times a typical real estate fund management fee to determine the implied level of overhead as a percentage of total assets.

It is assumed that such a level of efficiency will be achieved by the end of Year 5. On the contrary, Year 1 is likely to be a break-even year (for the fund manager) at best. As such, the full typical Management Fee is assumed to equal Total Overhead in Year 1 (no profit). Intervening years are estimated by interpolation of these two extremes.

Since Total Compensation was previously estimated, then Operating Expense is the difference between Total Overhead and Total Compensation. Year 0's Operating Expenses (the start-up year) are estimated to be 80% of the Year 1 estimate.

Market Data Source	RMA Annual Stmt Studies 2002-2003					
SIC	6726					
NAICS	52599					
Description	Finance -- Unit Investment Trusts and Closed-End Management Investment Offices					
Profit Before Taxes	28.8% of Mgmt Fee					
Management Fee	1.50% of Total Assets					
Implied Total Overhead	1.07% of Total Assets					
EOY	0	1	2	3	4	5
Total Assets	211.1	443.8	710.6	995.9	1,294.6	1,384.6
Total Overhead %	2.27%	1.50%	1.39%	1.28%	1.18%	1.07%
Total Overhead \$	4.80	6.66	9.89	12.79	15.22	14.79
Breaks down into:						
Total Compensation	2.17	3.37	7.08	9.20	10.68	11.38
Operating Expenses	2.63	3.28	2.81	3.59	4.55	3.41
Total Comp / Overhead	45%	51%	72%	72%	70%	77%
Oper Exp / Overhead	55%	49%	28%	28%	30%	23%
GP's Profit - % of Total Assets		0.00%	0.11%	0.22%	0.32%	0.43%
GP's Profit - \$MM		-	0.77	2.15	4.19	5.98

Overhead is deducted from Total Return to estimate the Net Return at the fund level. Limited Partners are then paid a preferred return.

Any remainder is subjected to a “catch-up” distribution (described fully in the “Distributions” section of the “Addendum – Summary of Terms”) until the GP has received 20% of the total amount distributed to Investors in excess of amounts distributed as a return of capital in respect of investments that have been disposed of.

Thereafter, any remaining proceeds are split 80/20 to the Limited Partners and General Partner, respectively.

Total Return (\$MM)		1	2	3	4	5
Income		17.7	36.4	57.9	82.5	108.3
Growth		21.6	55.2	75.4	90.9	96.6
Total		39.3	91.6	133.2	173.4	204.9
Overhead		(6.66)	(9.89)	(12.79)	(15.22)	(14.79)
Net Return - Fund Level		32.6	81.7	120.5	158.1	190.1
Preferred Return	10.0%	(21.1)	(44.4)	(71.1)	(99.6)	(129.5)
Remainder #1		11.5	37.4	49.4	58.5	60.7
Trial & Error payout of Remainder until 20%:		91.5%	59.5%	72.0%	85.0%	100.0%
GP Catch-up	50%	5.3	11.1	17.8	24.9	30.3
LP Share	50%	5.3	11.1	17.8	24.9	30.3
LP \$ total return so far		26.4	55.5	88.8	124.5	159.8
GP\$ / LP\$		20.0%	20.0%	20.0%	20.0%	19.0%
Remainder #2		1.0	15.1	13.8	8.8	-
GP's portion (thereafter)	20%	0.2	3.0	2.8	1.8	-
LP's portion (thereafter)	80%	0.8	12.1	11.1	7.0	-

The following table illustrates the returns to the Limited Partners, promotes to the General Partner, and how the General Partner's profit is allocated between the Sponsor and Principals.

Summary of LP Returns

Preferred		21.1	44.4	71.1	99.6	129.5
Catch-up		5.3	11.1	17.8	24.9	30.3
Thereafter		0.8	12.1	11.1	7.0	-
Total		27.2	67.6	99.9	131.5	159.8
Net Return to LPs		12.9%	15.2%	14.1%	13.2%	12.3%
Return Index	100.0	112.9	130.1	148.3	167.9	188.7
IRR	13.5%					

Summary of GP Promotes

Catchup		5.3	11.1	17.8	24.9	30.3
Thereafter		0.2	3.0	2.8	1.8	-
Total		5.5	14.1	20.5	26.6	30.3

GP Profit Distribution

	Split%					
Sponsor	65%	3.55	9.19	13.36	17.31	19.72
Principals	35%	1.91	4.95	7.19	9.32	10.62

The allocation of profit among the Atlas Principals is as follows. Note: the Total Compensation table assumes that bonuses earned in one year are paid in the first quarter of the next year.

Principal Bonuses Earned

		0	1	2	3	4	5
CEO	30%		0.57	1.48	2.16	2.80	3.19
CIO	25%		0.48	1.24	1.80	2.33	2.65
CFO	25%		0.48	1.24	1.80	2.33	2.65
COO	20%		0.38	0.99	1.44	1.86	2.12
	100%						

Principal Total Comp (\$MM)

		0	1	2	3	4	5
CEO		0.26	0.27	0.86	1.78	2.46	3.12
CIO		0.23	0.24	0.73	1.49	2.06	2.61
CFO		0.23	0.24	0.73	1.49	2.06	2.61
COO		0.23	0.24	0.63	1.25	1.71	2.14

Last but not least, the Sponsor earns money both as a Limited Partner (seed investment capital) and as the majority owner of the fund's General Partner. An estimate of the Sponsor's IRR is illustrated below.

Estimated Sponsor Returns	0	1	2	3	4	5
First Investment EOY Value	107.7	118.7	136.1	145.6	152.4	153.6
Second Investment EOY Value	-	107.7	118.7	136.1	145.6	152.4
Total Sponsor Equity at EOY	107.7	226.4	254.8	281.7	298.0	306.0
Total Return % to LPs		12.9%	15.2%	14.1%	13.2%	12.3%
Total Return to the Fund (Gross)		18.6%	20.6%	18.8%	17.4%	15.8%
% Accreted to LPs		69.1%	73.8%	75.0%	75.9%	78.0%
Income Component of Gross TR phased for 2nd yr investment		8.4%	8.0%	8.0%	8.7%	8.7%
Average Gross Income Return		8.4%	8.2%	8.0%	8.4%	8.7%
Est Accretion to Sponsor as LP		5.8%	6.1%	6.0%	6.3%	6.8%
Sponsor's Startup Carry	(4.8)	-	-	-	-	-
Sponsor's Fund Investments	(107.7)	(107.7)	-	-	-	306.0
Income \$ to Sponsor as LP	-	6.2	13.7	15.3	17.8	20.2
Sponsor's Share of GP Promote	-	3.6	9.2	13.4	17.3	19.7
Share of GP's Oper Margin	-	-	0.5	1.4	2.7	3.9
Sponsor's Cash Flows	(112.5)	(97.9)	23.4	30.1	37.9	349.8
Sponsor's IRR		19.8%				

Addendum – Summary of Terms

This section of the plan sets forth some of the key terms which would be presented in a Private Placement Memorandum for the Atlas High Yield Fund, LP.

The Fund	Atlas High Yield Fund, LP (the “Fund”) a newly formed Delaware limited partnership.
Investment Objective	The Fund will target investments in a broad range of real estate-related assets and portfolios, including energy.
Management	The General Partner of the Fund will be Atlas Equity Advisors, LLC, a Delaware limited liability company (the “General Partner”). The General Partner will be managed by its Investment Committee (the “Investment Committee”), as further described below.
Investment by Atlas Employees	Certain key Atlas employees will provide, as Limited Partners, a contribution of deferred compensation on an ongoing basis. This is currently estimated at \$ 8 MM per year.
Fund Size	The Fund is seeking to raise \$ 215 MM of aggregate capital commitments (excluding start-up year Operating Expenses and the Reserve Amount described below) from the Sponsor who will become a Limited Partner in the Fund. At its discretion, the General Partner may accept a greater or lesser amount and may accept other investors (e.g., institutions and high net worth individuals) as Limited Partners.
Minimum Investment	The General Partner intends to require a minimum capital commitment of \$5 million from each Limited Partner, which minimum may be waived by the General Partner at its discretion.
Investment Period	The Partner’s capital commitments (excluding commitments to fund the reserve amount described below) will expire on the fourth anniversary of the initial closing with the Limited Partners, or earlier upon a determination by the General Partner to cancel such commitments in certain circumstances, except that capital that is committed to investment by the Fund on or prior to such expiration may be called after the date of such expiration. The period extending from the date of the Fund’s initial closing to the expiration of its investment period is herein referred to as the “Investment Period.”

Reserve Amount	<p>All Partners of the Fund may be required to make additional contributions in an amount up to 10% of their capital commitments that may be called to enable the Fund to cover any operating deficits or to satisfy any other obligations relating to existing investments to the extent other funds are not available to cover such items, provided that a Partner shall not be obligated to make an additional capital contribution if such capital contribution would cause such Partner's aggregate capital contributions, less the amount, if any, of capital proceeds previously distributed to such Partner, to exceed such Partner's primary capital commitment (excluding its reserve commitment).</p>
Capital Calls	<p>Capital contributions will be called by the General Partner in anticipation of specific investment closings or other capital requirements. Capital call notices will be sent to the Limited Partners no later than 10 business days before funding.</p>
Reinvestment	<p>Funds received during the Investment Period representing a return of capital may be reinvested at the discretion of the General Partner in new investments, which are made or committed to before the end of the Investment Period. Any such funds which qualify for reinvestment may, at the discretion of the General Partner, be distributed to the Limited Partners, subject to an obligation to recontribute such funds on the terms applicable to capital commitments generally.</p>
Geographic Limitation	<p>The Fund will focus exclusively on investments in North America (defined as the United States, its territories, Mexico and Canada), provided that not more than 25% of the aggregate capital commitments may be invested outside the United States.</p>
Diversification	<p>The Fund will seek to achieve a high degree of diversification. The General Partner expects that the average investment by the Fund will utilize less than 10% of its total capital commitments. Not more than 15% of the Fund's capital commitments will be invested in any one investment. For purposes of applying the foregoing limitation, investments representing interests in multiple properties acquired as part of the same transaction will be treated as separate investments if such interests are owned directly by the Fund or through separate entities and are not the subject of any cross-collateralized financing.</p>

<p>Expected Holding Period; Term</p>	<p>The average holding period for assets in a particular investment is expected to be approximately three to five years. In all events, the Fund will be dissolved not more than 10 years after the date of its final closing with investors, unless extended by the General Partner with the approval of a majority-in-interest of the Limited Partners (excluding Limited Partners affiliated with Atlas), provided that such term shall not be extended by more than two one-year extensions without the approval of 75%-in-interest of the Limited Partners (excluding Limited Partners affiliated with Atlas).</p>
<p>Exclusivity</p>	<p>Until the termination of the Investment Period, the General Partner and its affiliates will be prohibited from acquiring for their own account any investment that, based on the General Partner's good faith determination, is an investment that would be suitable for the Fund (taking into account the Fund's investment policies and objectives, remaining investment capacity and diversification policy), unless the Fund has been offered the opportunity to make such investment on substantially the same or better terms and the Fund shall have declined to make such investment with the approval of the Advisory Committee. In a case where the Fund's diversification policy or remaining investment capacity precludes its making any such investment that would otherwise be suitable, the General Partner or its affiliates (alone or with other investors) may make such investment, provided that (i) the Fund becomes a co-investor on a side-by-side basis on terms no less favorable than those applicable to the co-investor(s) affiliated with the General Partner unless the General Partner determines in good faith that such co-investment is not practicable or is not in the best interests of the Fund, and (ii) the percentage interest of the Fund as a co-investor in any such investment shall be maximized to the extent practicable and consistent with the Fund's best interests, all as determined in good faith by the General Partner taking into account the Fund's diversification objectives and remaining investment capacity and any other relevant business considerations.</p>
<p>Organization of New Fund</p>	<p>At any time prior to the earlier of (i) the end of the Investment Period and (ii) the first date on which the Fund is at least 75% invested or committed to investment, Atlas will be prohibited from forming an investment fund with investment objectives and targeted investments which are substantially similar to those of the Fund.</p>

<p>Leverage</p>	<p>The Fund intends to finance up to 75% of the value of its investments on an overall basis (excluding financing secured by an assignment of the Partners' capital commitments, as described in the following paragraph, although the actual amount of financing could vary substantially depending on market conditions.</p> <p>The Fund expects to enter into a revolving credit agreement with a syndicate of banks in order to temporarily fund investments or pay expenses with borrowings in advance of calling capital contributions. The Fund expects to secure the credit facility by collateral assignment of the capital contribution obligations of the Partners, in which case Partners may be required to confirm that such obligations are unconditional, to honor capital calls made by the lender in certain circumstances, to provide financial information and to execute other documents required to obtain such facility.</p>
<p>Transactions with Affiliates</p>	<p>With the exception of subordinate CMBS originated by an Atlas affiliate, the Fund will not purchase any assets from or sell any assets to Atlas, or any entities controlled by Atlas.</p>
<p>Management Fee</p>	<p>The Fund will pay the General Partner an annual management fee equal to 1.5% of the Partner's aggregate capital commitments (excluding the 10% reserve commitment), payable monthly in arrears. After the termination of the Fund's Investment Period, the Management Fee will be based on average capital contributions, subject to adjustment to reflect asset dispositions. The Management Fee will compensate the General Partner for its employment expenses (including other employment-related overhead) incurred in connection with the provision of executive management, acquisition services, asset management and investor relations services.</p>
<p>Organization and Offering Expenses</p>	<p>Out-of-pocket expenses incurred by Atlas in connection with the offering of the Interests, the organization of the Fund and the General Partner and related matters will be paid by the Fund.</p>

<p>Other Expenses</p>	<p>The General Partner will be responsible for the compensation of officers and employees and office overhead of the General Partner, except as described below. The Fund will be responsible for all out-of-pocket expenses incurred by the General Partner in connection with the Fund's business, including all travel and other out-of-pocket expenses of the General Partner incurred in connection with potential investments (whether or not consummated) and the evaluation, acquisition, ownership, sale or financing of any investment, all litigation-related and indemnification expenses, and all administrative expenses of the Fund, such as fees to auditors, attorneys, appraisers and other professionals and the cost of reports to Limited Partners.</p> <p>The General Partner or its affiliates may provide accounting, tax, legal or other similar services to the Fund that would otherwise be performed for the Fund by third parties. In such event, the Fund will reimburse the cost of performing such services (including employment costs and related overhead expenses allocable thereto, as reasonably determined by the General Partner based on the time expended by the employees who render such services), provided that the General Partner reasonably determines that such reimbursements shall not exceed the amount that would be payable by the Fund if such services were provided by third parties on an arms' length basis. The General Partner will report all such reimbursements to the Advisory Committee annually. The General Partner will not otherwise be entitled to reimbursement of employment or other overhead expenses.</p>
<p>Distributions</p>	<p>All cash available for distribution by the Fund from any investment will be distributed by the Fund on a quarterly basis as set forth below:</p> <ol style="list-style-type: none"> (1) First, 100% to the Investors (i.e., the General Partner and the Limited Partners) on a pro rata basis until they receive a 10% per annum annually compounded cumulative return on their total unreturned capital allocable to such investments; (2) Second, 100% to the Investors on a pro rata basis until they receive a return of their total unreturned capital allocable to such investment; (3) Third, 100% to the Investors on a pro rata basis until they receive any shortfalls in the amounts described in (1) and (2) above relating to investments that have been disposed of;

	<p>(4) Fourth, subject to the deferral of half of the carried interest distributions to the General Partner as described below, 50% to the Investors on a pro rata basis and 50% to the General Partner until the General Partner has received 20% of the total amount distributed to all the Investors in excess of amounts distributed as a return of capital in respect of such investment that has been disposed of; and</p> <p>(5) Fifth, subject to the deferral of half of the carried interest distributions to the General Partner as described below, 80% to the Investors on a pro rata basis and 20% to the General Partner.</p> <p>Notwithstanding the foregoing provisions, until such time as all the Investors shall have received aggregate distributions sufficient to return all their capital contributions plus a 10% return on a portfolio basis, 50% of all amounts otherwise distributable to the General Partner in respect of its carried interest instead shall be distributed to the Investors. Thereafter, all further distributions will be made to the General Partner until it has recouped all deferred carried interest distributions plus a 10% per annum annually compounded return thereon.</p> <p>For purposes of applying the foregoing provisions, (i) all assets acquired as part of a single portfolio shall be deemed to be a single “investment,” (ii) the capital allocated to any investment shall be deemed to include an allocable share of any capital contributions used to fund expenses not directly related to any particular investment, and (iii) all distributions to Investors from a particular investment in excess of their 10% preferred return and capital allocable to such investment will be credited on a pro rata basis against the 10% preferred return and capital allocable to all other investments.</p> <p>Cash distributed in connection with a liquidation of the Fund will be distributed in accordance with the capital account balances of its Partners, which should approximate a distribution in accordance with the above-described cash distribution priorities.</p>
Tax Allocations	<p>The Fund will maintain a capital account for each of its Partners. Taxable income and tax losses generally will be allocated among the Partners for tax and capital account purposes in a manner consistent with the cash distribution priorities described above.</p>

<p>Investment Committee</p>	<p>The General Partner will establish an Investment Committee, which shall have the responsibility for making significant management decisions on behalf of the General Partner relating to the Fund, including investment and disposition decisions. The Investment Committee will consist of five individuals appointed by the General Partner. The Investment Committee’s responsibilities include approval of all investments, material financings, dispositions, capital and operating plans and budgets, and material third-party relationships. Decisions of the Investment Committee will require approval of a majority of its members.</p> <p>Initial members of the committee will be Robert C. Clark, CEO; To-Be-Named, CIO; To-Be-Named, CFO; To-Be-Named, COO, and a representative of the Sponsor’s choosing.</p>
<p>Advisory Committee</p>	<p>The Fund will establish an Advisory Committee (the “Advisory Committee”) with individuals designated by certain Limited Partners. The General Partner will offer representation on the Advisory Committee to at least a majority-in-interest of the Fund’s Limited Partners (other than Atlas affiliates), including each Limited Partner having aggregate capital commitments of at least \$50 million. The Advisory Committee will meet with the General Partner semiannually to consult on various matters, including investment strategy, financing strategy, disposition strategy, asset valuation and report format and frequency and other expenses as noted above. Members of the Advisory Committee will be reimbursed for their reasonable out-of-pocket expenses relating to their Advisory Committee membership but shall not be entitled to any other compensation for serving on the Advisory Committee.</p>
<p>Default Provision</p>	<p>A Partner who does not fund a capital call within the applicable time period will be considered to be in default and will be subject to certain remedies specified in the Partnership Agreement, including among others, dilution of its percentage interest and setoff against or withholding of distributions otherwise payable to such Partner. As a condition to exercising such remedies, however, the General Partner must first give the defaulting Partner written notice of the default and an opportunity to cure the default within two business days thereafter (or, if later, 10 business days after the occurrence of the default). A default by any one Partner will not relieve any other Partner from its obligations to fund a capital call. In addition, the other Partners may be required to contribute additional amounts to cover any defaulted amounts, but the aggregate capital commitments of the other Partners will not increase.</p>

<p>Transferability of Interests</p>	<p>Limited Partners may not sell, assign or transfer, directly or indirectly, their interests in the Fund without the prior consent of the General Partner, which consent may be granted or denied in the General Partner's sole discretion.</p> <p>The General Partner and each affiliate of Atlas that owns an interest in the Fund as a Limited Partner may not sell, assign or transfer any of their interests in the Fund without the consent of a majority in interest of the Limited Partners (excluding Limited Partners affiliated with Atlas), except to another entity in which more than 50% of the ownership interests are directly or indirectly owned by, or under common ownership with, Atlas.</p>
<p>Key Principal</p>	<p>Robert C. Clark will be required to remain actively involved as a member of the Fund's Investment Committee until the termination of the Fund's Investment Period, subject to the right of the General Partner to designate a replacement not later than 45 days after Mr. Clark shall cease to be a member, provided such replacement member is approved by the Advisory Committee, such approval not be unreasonably withheld. If the foregoing obligation is not complied with, the Investment Period for the Fund will be subject to early termination by vote of the Limited Partners holding at least 75%-in-interest of the percentage of interests held by the Limited Partners (excluding Limited Partners affiliated with Atlas).</p>
<p>Removal of the General Partner</p>	<p>Limited Partners holding at least two-thirds of the percentage interests held by the Limited Partners (excluding Limited Partners affiliated with Atlas) may remove and replace the General Partner in the event that the General Partner commits gross negligence or willful misconduct in the performance of its duties under the Partnership Agreement which results in a material damage to the Fund. In that case, the General Partner will forfeit its right to receive future distributions of its carried interest but will retain its carried interest as an Investor.</p>
<p>Indemnification</p>	<p>The General Partner will not be liable to the Fund or to the Limited Partners for any act or omission on its part in the absence of gross negligence, willful misconduct, recklessness, fraud, violation of fiduciary duty or its breach of the Partnership Agreement. The Fund will indemnify the General Partner and its partners and affiliates and each member of the Investment Committee or the Advisory Committee, for any loss or damage incurred by them arising out of, or in connection with, the Fund's business, except for loss or damage arising from an indemnified party's gross negligence, willful misconduct, recklessness, fraud, violation of fiduciary duty or, in the case of the General Partner, breach of the Partnership Agreement.</p>

	<p>For purposes of the foregoing exculpation and indemnification provisions, simple negligence will be substituted for gross negligence with respect to any actions brought against the General Partner by either a Limited Partner having a capital commitment of at least \$50 million or Limited Partners representing more than 50% of the aggregate capital commitments of the Fund.</p>
<p>Amendments and Waivers</p>	<p>In general, the provisions of the Fund’s Partnership Agreement may be amended or waived by the General Partner with the consent of a majority-in-interest of the Limited Partners (excluding Limited Partners affiliated with Atlas), except that an amendment may not increase the capital contribution obligations or the liability of a Limited Partner beyond that expressly set forth in the Partnership Agreement without the consent of such Limiting Partner.</p> <p>Certain amendments may be made by the General Partner without the consent of the Limited Partners, including amendments necessary (i) to ensure the Fund’s tax allocations satisfy the requirements of Section 704(b) and Section 514(c)(9) of the Code or to ensure that liquidating distributions reflect the entitlements of the Partners to cash distributions, (ii) to reflect the exercise of any remedies with respect to a default by any Partner or (iii) to cause the Fund to conduct its business in compliance with Federal and state laws and regulations, including the Plan Assets Regulation.</p>
<p>Reporting</p>	<p>Limited Partners will receive an annual report on the Fund’s operations, audited annual financial statements, unaudited quarterly financial statements and the annual tax information necessary for the completion of their income tax returns.</p>
<p>Tax Considerations</p>	<p>The Partnership Agreement provides that the Fund will seek to minimize the aggregate amount of UBTI-related Federal income taxes payable by “qualified organizations” to the extent reasonably practicable and consistent with its objective of maximizing the pre-tax returns of the Partners. However, it is possible that a significant portion of the Fund’s income will be treated as UBTI. Each prospective Investor should consult with its own tax adviser regarding all the Federal, state, local and foreign tax considerations applicable to an investment pursuant to this offering.</p> <p>To the extent consistent with the investment objective of the Fund to maximize the pre-tax return to investors, the General Partner will use its reasonable efforts to structure investments and otherwise conduct the Fund’s business so as to minimize the imposition of any tax withholdings or deductions by any taxing authority with respect to any investment (other than withholdings or deductions that are refunded to the Fund or the Partners of the Fund).</p>

ERISA Considerations	In order to prevent its assets from being treated as “plan assets” for ERISA purposes, the Fund will seek to conduct its operations so as to qualify as an “operating company” within the meaning of the Plan Assets Regulation.
Additional Information	Copies of the Partnership Agreement and the form of Subscription Agreement to be executed by purchasers of the Interests will be supplied to prospective investors before any binding commitments are accepted from such investors. The information set forth in this Memorandum is qualified in its entirety by reference to the detailed information contained in such additional documentation. Accordingly, prospective investors and their advisers should carefully review and evaluate such additional documentation.

Project Atlas

High Yield Fund

Objectives

- Vehicle for
 - CMBS subordinate bonds
 - Mezzanine loans
 - B-notes
- Active management of deferred compensation
- Minimize losses through high quality
 - underwriting
 - servicing
- Obtain the benefits of diversification
 - real property asset classes
 - and capital structures
- Provide a competitive return – 15% net to LPs
- Compensate key employees for outstanding performance

Superior Risk-Adjusted Returns

- Focus on value-added opportunities
- Utilize local market presence
- Structure to mitigate risk / maximize return
 - Limit downside through existing cash flow
 - Access property-market expertise through diverse operating partner JVs
 - Certain risks assumed by operating partners
 - Operator's co-investment aligns interest
 - Liquidity – major markets, property types
 - Capitalize and structure investments conservatively

Client Communication

- Quarterly Reporting
 - Property & fund level performance
 - Financial statements (audited annually)
 - Client statement
- Semi-annual Meetings
 - Life-of-fund updates
 - Market reviews

Investment Process – 1 & 2

- Sourcing & Origination
 - Owners / developers
 - Financial institutions
 - Intermediaries
- Underwriting – Phase I
 - Financial analysis
 - Market due diligence
 - Team discussions
 - Preliminary negotiations

Investment Process - 3 & 4

- Investment Committee Discussion
 - Preliminary investment brief of merits & risks
 - Proceed or reject decision
- Underwriting – Phase II
 - Continued in-house due diligence, market and financial analysis
 - Negotiation of a non-binding letter of intent with seller and/or joint venture partner

Investment Process - 5 & 6

- Investment Committee Action
 - Detailed memo presented prior to meeting
 - Investment formally presented and vetted with committee
 - Decision rendered
- Due Diligence & Closing
 - Third party due diligence
 - Legal documentation
 - Asset strategic plan completed
 - Investment closed

Investment Process – 7 & 8

- **Asset Management**
 - Implement strategic plan
 - Ongoing analysis of performance
 - Preparation of reports for constituencies
- **Exit Strategy**
 - Evaluation of financial implications of hold vs. sell vs. re-capitalize
 - Recommendation reviewed with committee
 - Decision is executed and legally documented

High Yield Fund Proforma

- Production
- Asset Allocation
- Investment Life Cycle
- Promote (Waterfall)
- High Yield Fund Cash Flows

PRODUCTION (MMs)

	2004	2005	2006	2007	2008	LTV	Mezz Limit	%that want a Second
Production								
Small Loan	187	450	518	569	598	67.5%	82.5%	15%
Conduit	460	1,210	1,392	1,531	1,607	72.5%	82.5%	20%
Large Loan	375	750	863	949	996	52.5%	72.5%	25%
Total	1,022	2,410	2,772	3,049	3,201			

Growth Rate 136% 15% 10% 5%

Potential Mezz / B-Note

Small Loan	42	100	115	127	133
Conduit	63	167	192	211	222
Large Loan	143	286	329	361	380
Total					

Expected Mezz

Small Loan	6.2	15.0	17.3	19.0	19.9
Conduit	12.7	33.4	38.4	42.2	44.3
Total	18.9	48.4	55.6	61.2	64.3

Expected B-Note 35.7 71.4 82.1 90.4 94.9

Total Mezz / B-Note Prod. 54.6 119.8 137.8 151.6 159.1

CMBS (BB, B, NR)

% of total Principal	6.00%				
Size	61.3	144.6	166.3	182.9	192.1

Three Year Averages

Mezz & B-Notes	104.1
CMBS	124.1

Asset Allocation

						Wtd
Gross Total Returns		Equity	CMBS	Energy	Mezz	Avg
Income Component		4.9%	14.6%	5.3%	14.5%	11.2%
Growth Component		16.0%	3.6%	14.7%	1.4%	7.2%
Total Return		20.9%	18.2%	20.0%	15.9%	18.4%
Allocation		21%	35%	15%	29%	100%
Dollars (\$m)		74.4	124.1	51.9	104.1	354.5

Life Cycle - 3 Year Hold

End of Year:	0	1	2	3
Realized				
Beginning Equity	-	354,485,714	379,963,794	407,273,070
Income	-	39,653,374	42,503,396	45,558,258
Growth	-	25,478,080	27,309,275	29,272,085
Distributions	-	(34,336,089)	(36,803,939)	(475,994,316)
Contributions	354,485,714	-	-	-
EndEqty before fees	354,485,714	385,281,080	412,972,527	6,109,096
Mgmt Fee	-	(5,317,286)	(5,699,457)	(6,109,096)
Ending Equity	354,485,714	379,963,794	407,273,070	0

Same Results - Phased

Unrealized	0	1	2	3
Beginning Equity	-	-	354,485,714	734,449,509
Income	-	-	39,653,374	82,156,770
Growth	-	-	25,478,080	52,787,356
Distributions	-	-	(34,336,089)	(71,140,027)
Contributions	-	354,485,714	354,485,714	354,485,714
EndEqty before fees	-	354,485,714	739,766,794	1,152,739,321
Mgmt Fee	-	-	(5,317,286)	(11,016,743)
Mgmt Promote	-	-	-	-
Ending Equity	-	354,485,714	734,449,509	1,141,722,579
Cash Flow		(354,485,714)	(320,149,626)	(283,345,687)

Promote

- 100% to Investor until 10% Pfd IRR
- 75/25 until Investor achieves 15% IRR
- 50/50 catch-up until GP has 20% of Investors distributed profits
- 65/35 thereafter

Mgmt Promote				
CF Before Promote	(354,485,714)	34,336,089	36,803,939	475,994,316
IRR Before Promote	16.9%			
Mgmt Promote	-	-	-	(22,567,475)
CF After Promote	(354,485,714)	34,336,089	36,803,939	453,426,842
IRR After Promote	15.2%			
Revised Distributions	-	(34,336,089)	(36,803,939)	(453,426,842)

High Yield Fund Proforma

Combined	0	1	2	3
Beginning Equity	-	354,485,714	734,449,509	1,141,722,579
Income	-	39,653,374	82,156,770	127,715,028
Growth	-	25,478,080	52,787,356	82,059,441
Distributions	-	(34,336,089)	(71,140,027)	(524,566,869)
Contributions	354,485,714	354,485,714	354,485,714	354,485,714
EndEqty before fees	354,485,714	739,766,794	1,152,739,321	1,158,848,417
Mgmt Fee	-	(5,317,286)	(11,016,743)	(17,125,839)
Mgmt Promote	-	-	-	(22,567,475)
Ending Equity	354,485,714	734,449,509	1,141,722,579	1,141,722,579
Investor Cash Flows	(354,485,714)	(320,149,626)	(283,345,687)	192,648,629

Fund Manager Proforma

- Overhead
 - Compensation
 - Operating Expenses
- P&L Statement
- Pooling Analysis

Overhead

- Compensation
 - Timing of Hire Dates
 - Base Pay
 - Level 1 Bonuses
 - Level 2 Bonuses
- Operating Expenses

Timing of Hiring

Job Function	Bonus		End of Year:			
	Level	Base	0	1	2	3
CEO / CIO	1	250,000	1	1	1	1
Dir of Equity	1	210,000	1	1	1	1
Associate	2	110,000		1	1	1
Dir of Energy	1	210,000	1	1	1	1
Dir of Mezz	1	210,000	1	1	1	1
Associate	2	110,000		1	1	1
Dir of CMBS	1	210,000	1	1	1	1
Associate	2	110,000		1	1	1
EVP & CFO	1	230,000	1	1	1	1
Investor Relations	1	200,000		1	1	1
Associate	2	110,000		1	1	1
Associate	2	110,000			1	1
Asset Mgmt	1	160,000		1	1	1
Associate	2	110,000			1	1
Associate	2	110,000			1	1
Admin Mgr	2	80,000	1	1	1	1
Admin Asst	2	60,000		1	1	1
Admin Asst	2	60,000		1	1	1
Total		2,650,000	7	15	18	18
Average Base		147,222	7	8	3	0

Base Pay Phasing

Base Salary Phasing				
	Base growth @			
	3.5% per year			
	0	1	2	3
CEO / CIO	250,000	258,750	267,806	277,179
Dir of Equity	210,000	217,350	224,957	232,831
Associate	-	113,850	117,835	121,959
Dir of Energy	210,000	217,350	224,957	232,831
Dir of Mezz	210,000	217,350	224,957	232,831
Associate	-	113,850	117,835	121,959
Dir of CMBS	210,000	217,350	224,957	232,831
Associate	-	113,850	117,835	121,959
EVP & CFO	230,000	238,050	246,382	255,005
Investor Relations		207,000	214,245	221,744
Associate	-	113,850	117,835	121,959
Associate	-	-	117,835	121,959
Asset Mgmt	-	165,600	171,396	177,395
Associate	-	-	117,835	121,959
Associate	-	-	117,835	121,959
Admin Mgr	80,000	82,800	85,698	88,697
Admin Asst	-	62,100	64,274	66,523
Admin Asst	-	62,100	64,274	66,523
Total Base Salary	1,400,000	2,401,200	2,838,746	2,938,102

Level 2 Bonuses

Level 2 Bonuses Max @ 40% of Base Pay				
	0	1	2	3
CEO / CIO	-	-	-	-
Dir of Equity	-	-	-	-
Associate	-	45,540	47,134	48,784
Dir of Energy	-	-	-	-
Dir of Mezz	-	-	-	-
Associate	-	45,540	47,134	48,784
Dir of CMBS	-	-	-	-
Associate	-	45,540	47,134	48,784
EVP & CFO	-	-	-	-
Investor Relatic	-	-	-	-
Associate	-	45,540	47,134	48,784
Associate	-	-	47,134	48,784
Asset Mgmt	-	-	-	-
Associate	-	-	47,134	48,784
Associate	-	-	47,134	48,784
Admin Mgr	32,000	33,120	34,279	35,479
Admin Asst	-	24,840	25,709	26,609
Admin Asst	-	24,840	25,709	26,609
Total:	32,000	264,960	415,635	430,183

Total Comp Before Level 1 Bonuses

	0	1	2	3
Total Base Salary	1,400,000	2,401,200	2,838,746	2,938,102
Non-cash Comp @14%	196,000	336,168	397,424	411,334
Level 2 Bonuses	32,000	264,960	415,635	430,183
Comp before Lvl 1 shr	1,628,000	3,002,328	3,651,806	3,779,619

Operating Expenses

Fund Mgmt Rev & Exp Inputs			
Management Fee	1.50%	of Equity (or Yr 1 Commitments)	
Office SF per Employee	350	SF	
Gross Rent per SF	30.00	per SF	
Number of SF	6,300	SF	
Gross Rent	189,000	per year	
IT per Employee	20,000		
IT	360,000	per year	
Travel - Funds	3,000	per fund / trip	
Travel per year	27,000	per year (1 of 3 trips is wasted)	
Outsourced Legal	20,000	per eq JV, energy fund, or CMBS	
Legal	220,000	per year	
Telephone	28,800	minutes per empl	
Telephone	2,880	cost per empl per year	
Telephone	51,840	total cost per year	
Overhead Inflation	3.0%	per year	

Profit & Loss

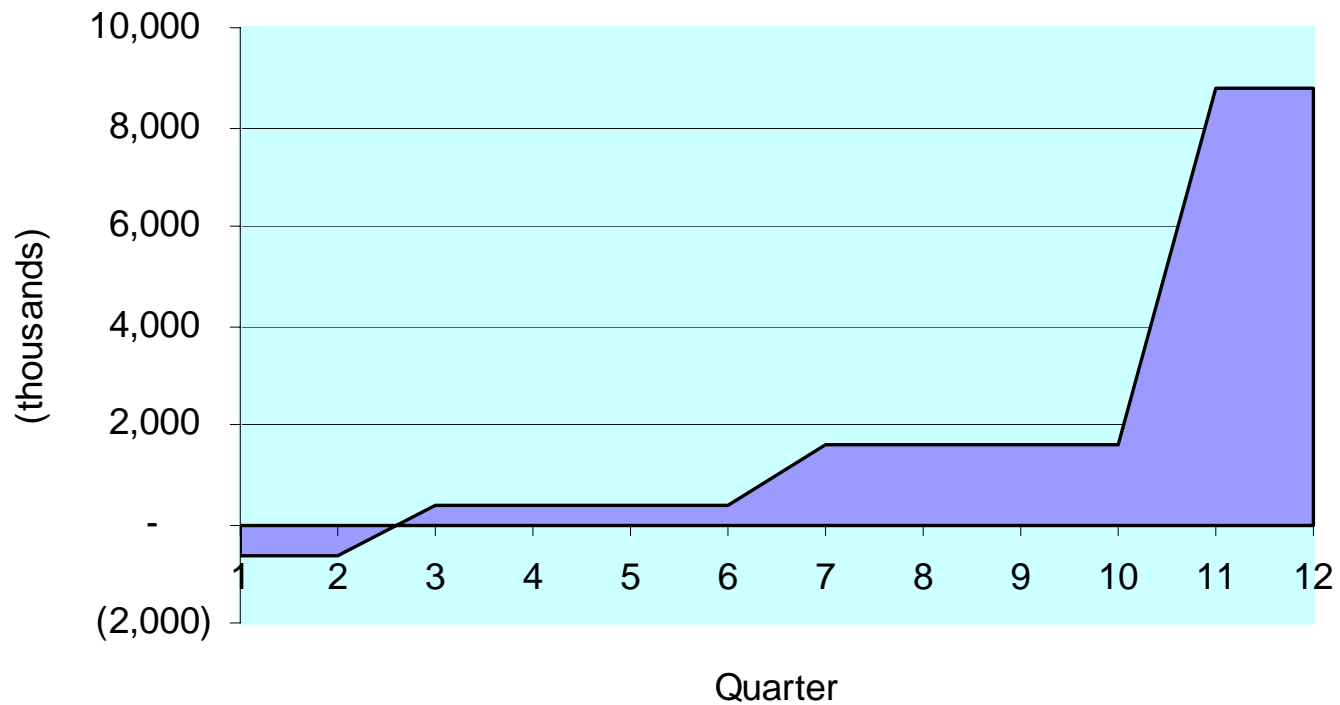
Fund Manager P&L Statement				
	0	1	2	3
Revenue				
Mgmt Fee	-	5,317,286	11,016,743	17,125,839
Promote	-	-	-	22,567,475
Gross Revenue	-	5,317,286	11,016,743	39,693,313
Overhead				
Compensation	1,628,000	3,002,328	3,651,806	3,779,619
Rent	189,000	194,670	200,510	206,525
IT	360,000	370,800	381,924	393,382
Travel	27,000	27,810	28,644	29,504
Legal	220,000	226,600	233,398	240,400
Telephone	51,840	53,395	54,997	56,647
Total Overhead	2,475,840	3,875,603	4,551,279	4,706,077
Profit (Loss)	(2,475,840)	1,441,683	6,465,463	34,987,236

First 8 Quarters

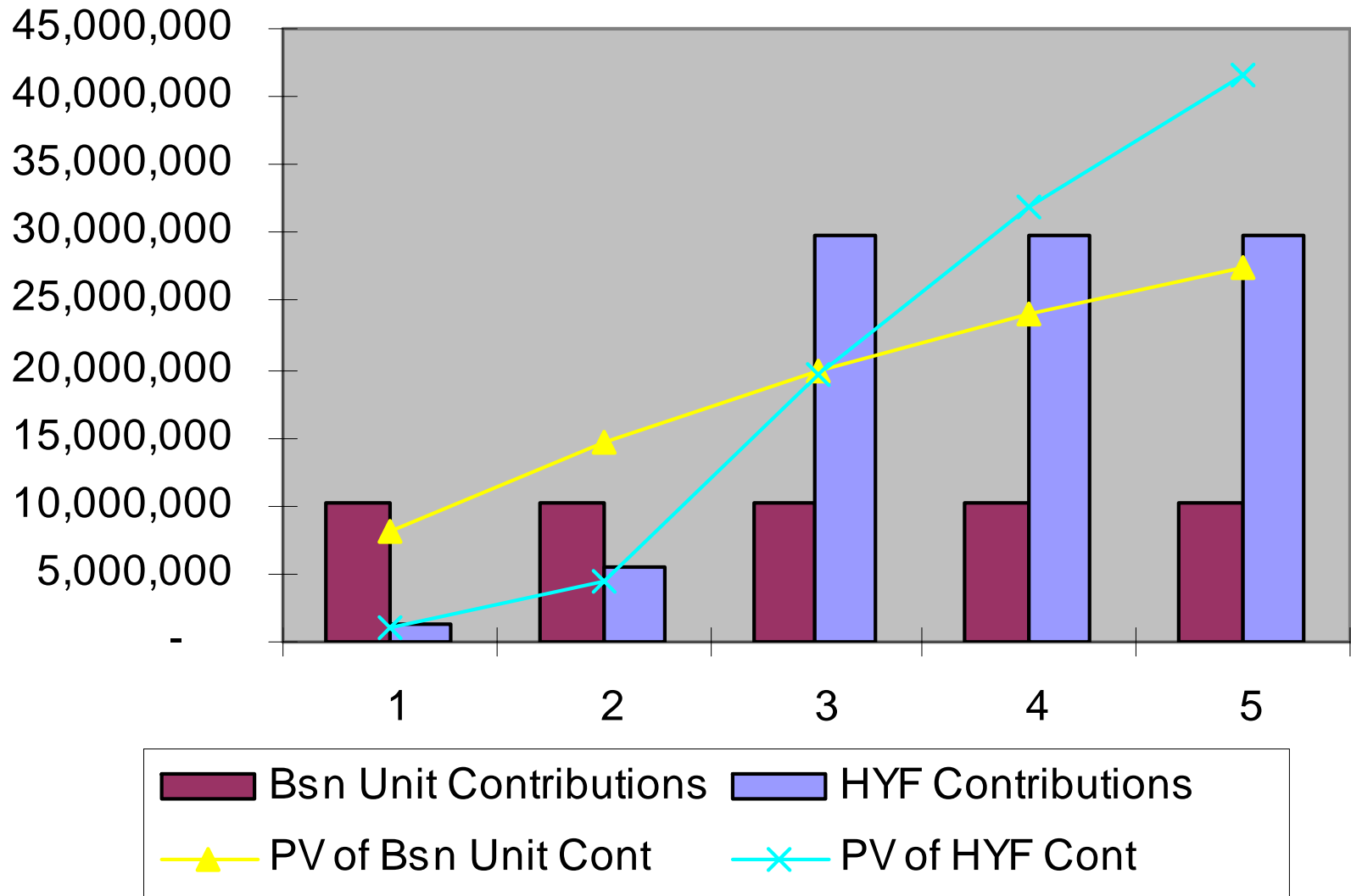
Quarterly Proforma	(000's)							
Quarter	1	2	3	4	5	6	7	8
Revenue								
Mgmt Fee	-	-	1,329	1,329	1,329	1,329	2,754	2,754
Promote	-	-	-	-	-	-	-	-
Gross Revenue	-	-	1,329	1,329	1,329	1,329	2,754	2,754
Overhead								
Compensation	407	407	751	751	751	751	913	913
Rent	47	47	49	49	49	49	50	50
IT	90	90	93	93	93	93	95	95
Travel	7	7	7	7	7	7	7	7
Legal	55	55	57	57	57	57	58	58
Telephone	13	13	13	13	13	13	14	14
Total Overhead	619	619	969	969	969	969	1,138	1,138
Profit (Loss)	(619)	(619)	360	360	360	360	1,616	1,616

...the *Rest* of the Story

Quarterly Profit (Loss)



Pooling Analysis



Initial Steps to Launch

FUND:

- Execute legal documents
 - Atlas Partners Agreement
 - Sponsor JV Agreement
 - Fund Mgr Operating Agreement
 - Fund creation documents
 - Subscription Agreement
- Move to Denver
- Set up banking
 - Obtain a Subscription Financing LOC
 - Draw initial operating capital
- Rent office space
- Hire direct reports
- Communicate investment criteria to
 - Brokers
 - Fund managers (co-investments)
 - Institutional investors
 - Private developers

CREDIT:

- Form Credit Committee
- Circulate Underwriting Criteria to develop a consensus
- Survey committee members to calibrate the credit model
- Test calibration with mock deals
- Get feedback and finalize calibration
- Produce a pricing matrix based on
 - Market subordination levels
 - Property type
 - Condition
 - Term
 - Amortization
 - MSA
 - DSCR

Credit Framework

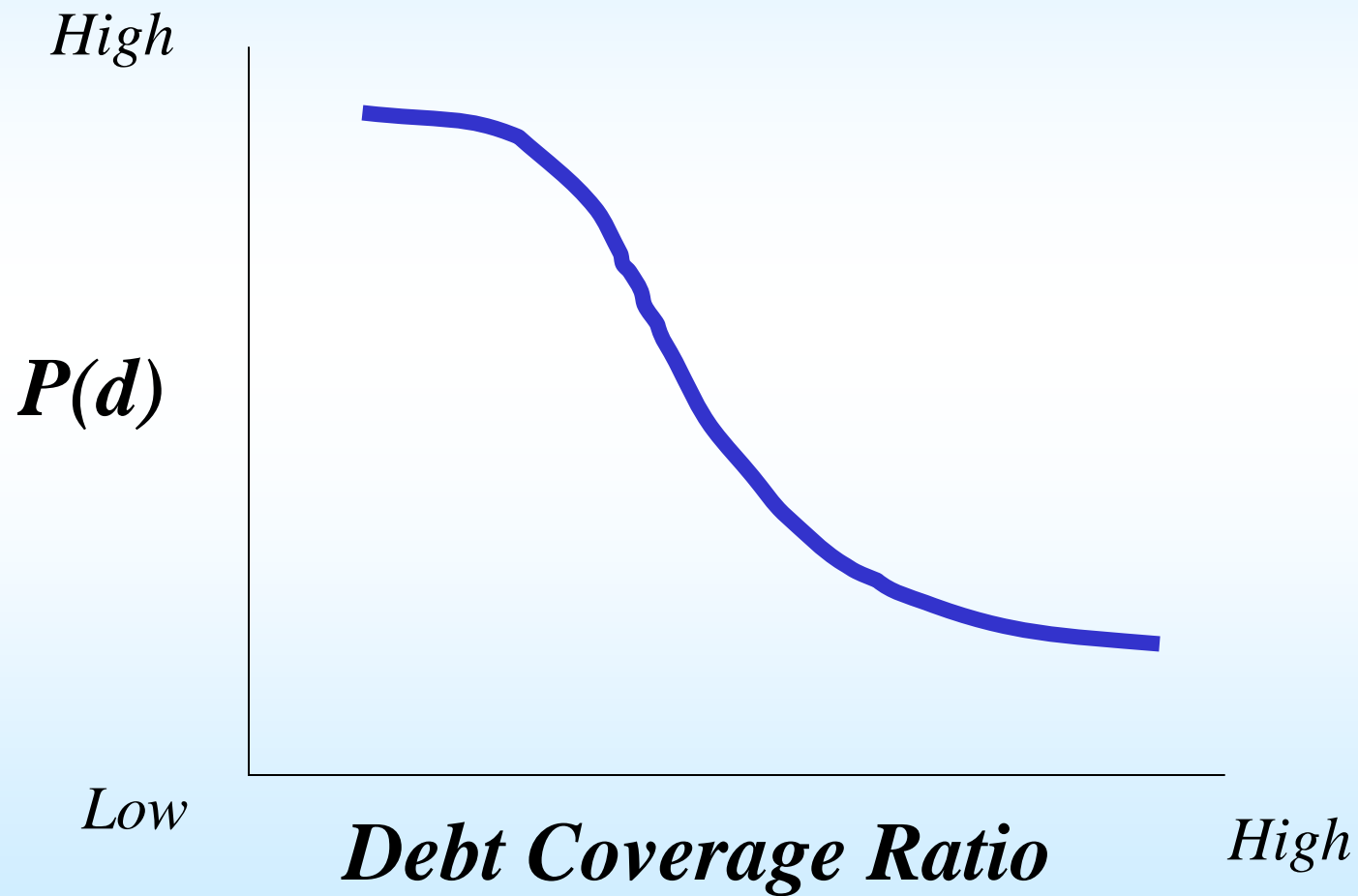
Atlas Credit Committee

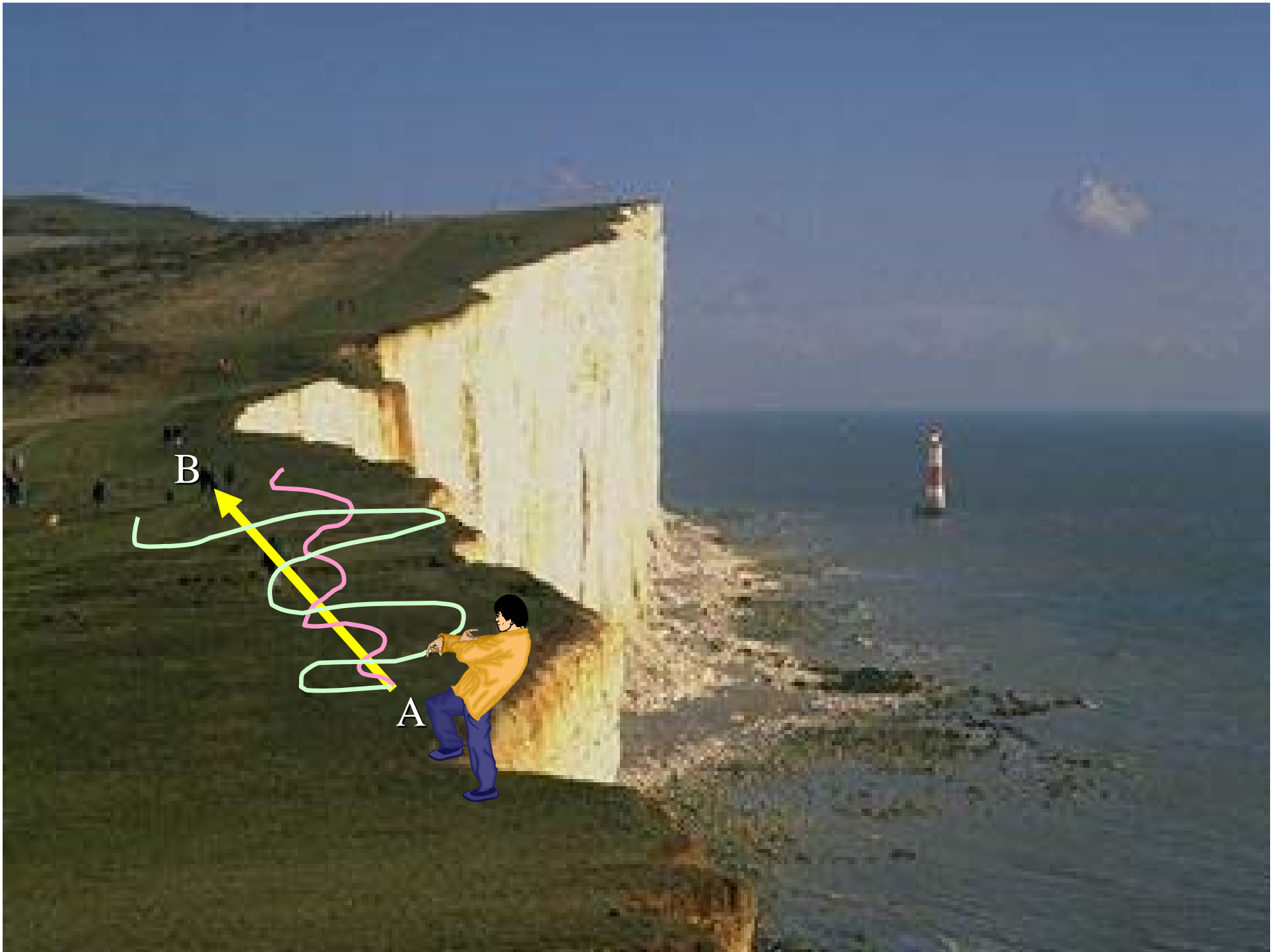
- One representative from each business unit
- Meet quarterly to:
 - Update the Underwriting Guidelines
 - Re-calibrate the Credit Model
 - Review production results of the model
 - Review changing property market conditions
 - Review recent deal subordination levels
 - Re-calibrate the model, if needed

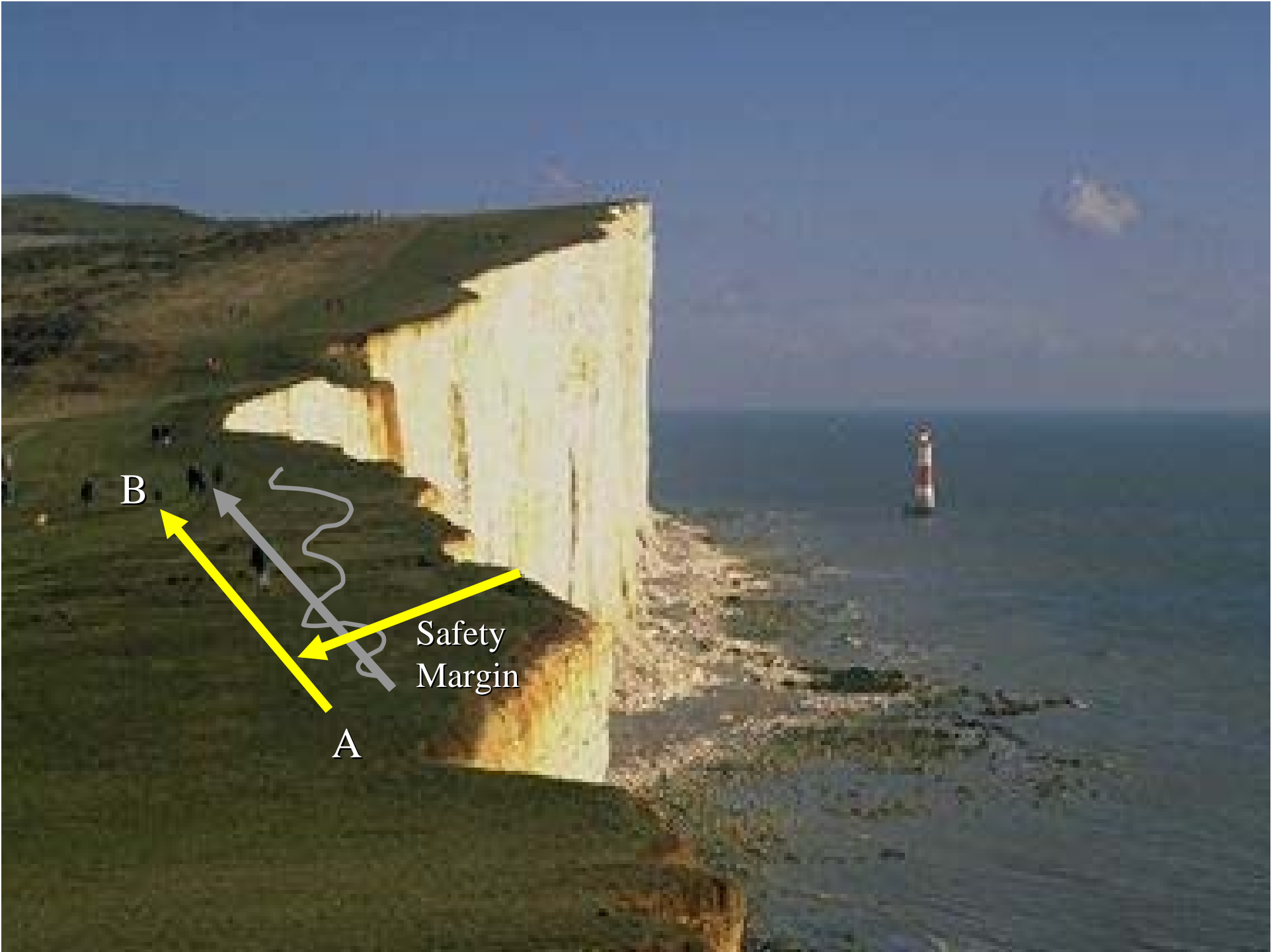
Nuts & Bolts

- Credit Basics
 - Probability of default
 - Severity of loss
 - Expected loss @ average life
- The Model

Probability of Default



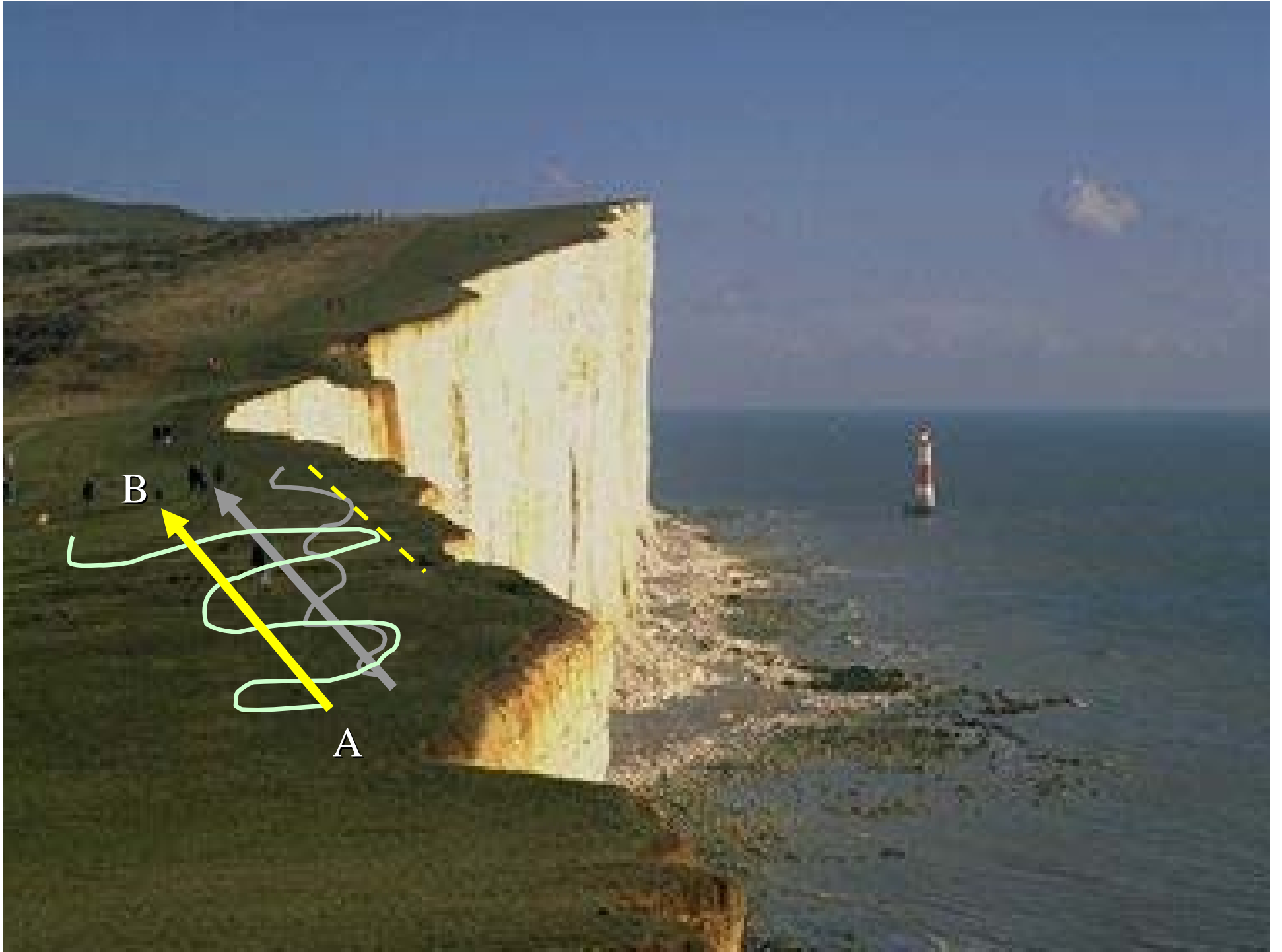


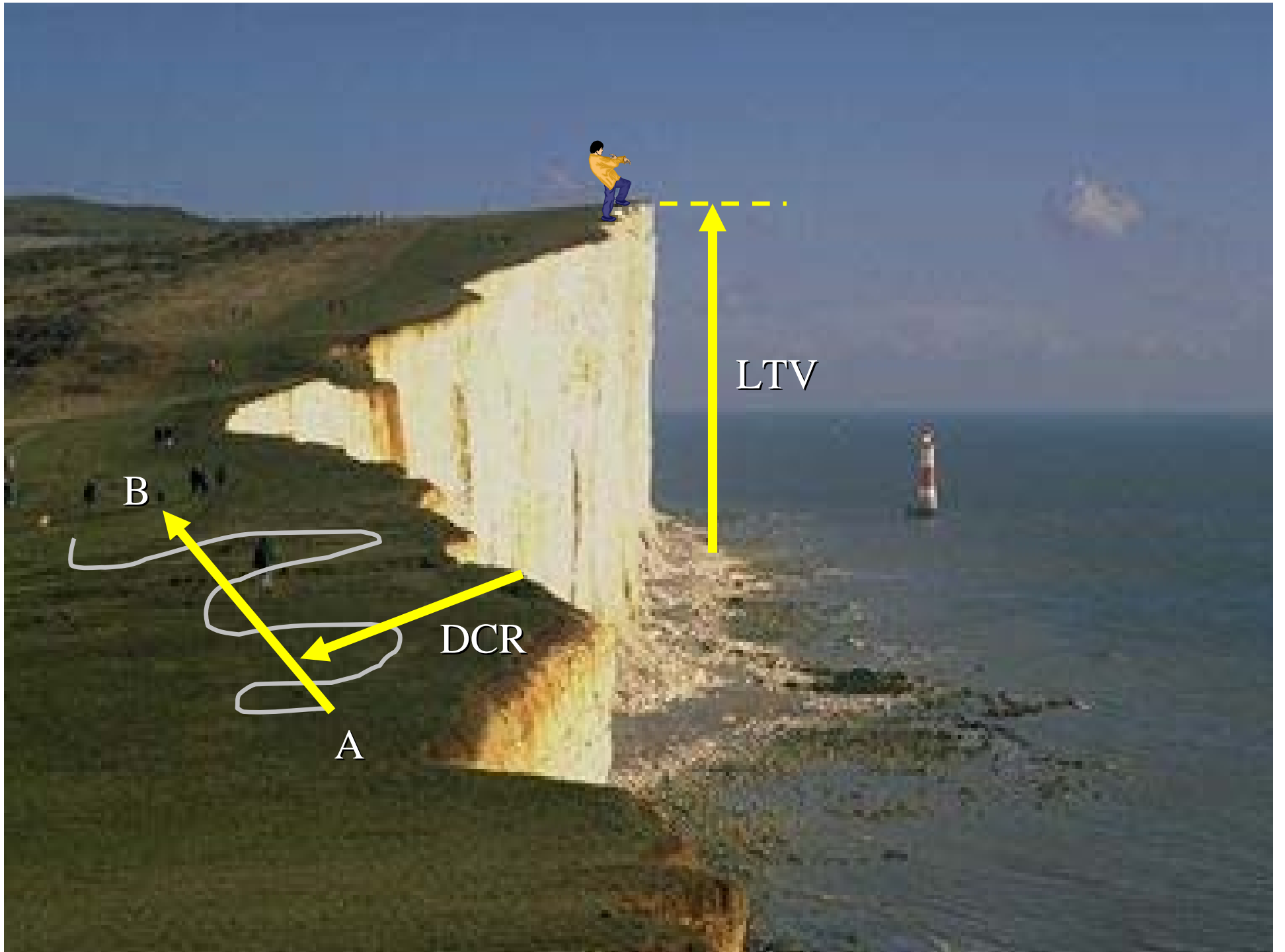


B

A

Safety Margin





LTV

B

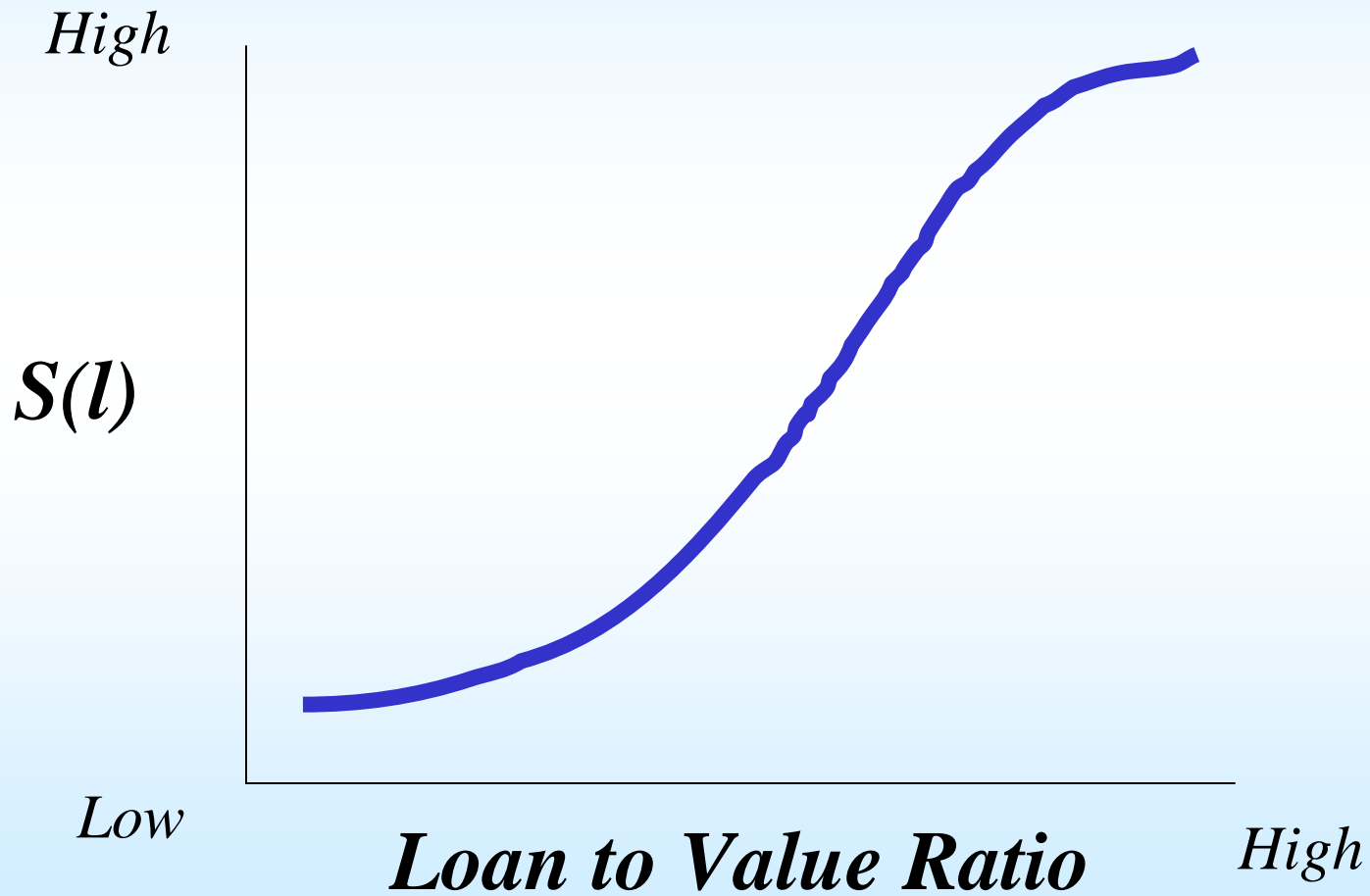
DCR

A

Default Risk

- Treatment: reduce risk through deal structure
 - Lower loan amount (increase margin & shorten the cliff)
 - Shorter term (move B toward A to reduce $P(d)$)
 - Faster amortization (walk downhill (less severity), but lowers DCR)
 - Higher spread (charge more for risk,, but lowers DCR)

Severity of Loss



Expected Loss

$$E(l) = P(d) \times S(l)$$

$$.20 \times .35 = .07$$

Credit Rating

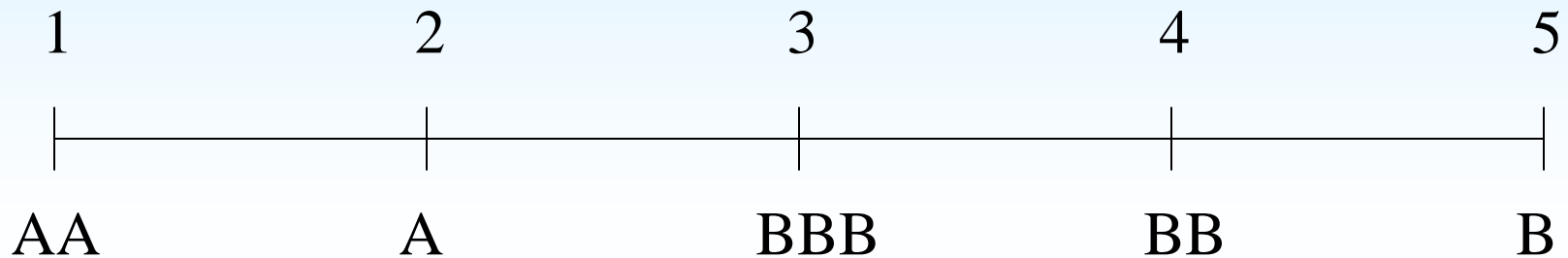
Average Life @ E(l) = Credit Rating

6 years @ 7.0% = Ba3

Moody's Cumulative E(1) Rates

Rating	Year									
	1	2	3	4	5	6	7	8	9	10
Aaa	0.000028	0.00011	0.00039	0.00099	0.00160	0.00220	0.00286	0.00363	0.00451	0.00550
Aa1	0.000314	0.00165	0.00550	0.01155	0.01705	0.02310	0.02970	0.03685	0.04510	0.05500
Aa2	0.000748	0.00440	0.01430	0.02585	0.03740	0.04895	0.06105	0.07425	0.09020	0.11000
Aa3	0.001661	0.01045	0.03245	0.05555	0.07810	0.10065	0.12485	0.14960	0.17985	0.22000
A1	0.003196	0.02035	0.06435	0.10395	0.14355	0.18150	0.22330	0.26400	0.31515	0.38500
A2	0.005979	0.03850	0.12210	0.18975	0.25685	0.32065	0.39050	0.45595	0.54010	0.66000
A3	0.021368	0.08250	0.19800	0.29700	0.40150	0.50050	0.61050	0.71500	0.83600	0.99000
Baa1	0.049500	0.15400	0.30800	0.45650	0.60500	0.75350	0.91850	1.08350	1.24850	1.43000
Baa2	0.093500	0.25850	0.45650	0.66000	0.86900	1.08350	1.32550	1.56750	1.78200	1.98000
Baa3	0.231000	0.57750	0.94050	1.30900	1.67750	2.03500	2.38150	2.73350	3.06350	3.35500
Ba1	0.478500	1.11100	1.72150	2.31000	2.90400	3.43750	3.88300	4.33950	4.77950	5.17000
Ba2	0.858000	1.90850	2.84900	3.74000	4.62550	5.37350	5.88500	6.41300	6.95750	7.42500
Ba3	1.545500	3.03050	4.32850	5.38450	6.52300	7.41950	8.04100	8.64050	9.19050	9.71300
B1	2.574000	4.60900	6.36900	7.61750	8.86600	9.83950	10.52150	11.12650	11.68200	12.21000
B2	3.938000	6.41850	8.55250	9.97150	11.39050	12.45750	13.20550	13.83250	14.42100	14.96000
B3	6.391000	9.13550	11.58650	13.22200	14.87750	16.06000	17.05000	17.91900	18.57900	19.19500
Caa	14.300000	17.87500	21.45000	24.13400	26.81250	28.60000	30.38750	32.17500	33.96250	35.75000

CML Credit Rating Scale



AA+	0.67 - 0.99	BBB	3.00 - 3.33
AA	1.00 - 1.33	BBB-	3.34 - 3.66
AA-	1.34 - 1.66	BB+	3.67 - 3.99
A+	1.67 - 1.99	BB	4.00 - 4.33
A	2.00 - 2.33	BB-	4.34 - 4.66
A-	2.34 - 2.66	B+	4.67 - 4.99
BBB+	2.67 - 2.99	B	5.00

CML Credit Rating Factors

Factor 1 - Base Rating -----

Factor 2 - Rollover Risk

Factor 3 - Inc. Enhancement & Credit Support

Factor 4 - Competitive Market Analysis

Factor 5 - Building & Location Analysis

Factor 6 - Amortization

Factor 7 - Special Loan Conditions

Factor 8 - Asset Management Ability

Factor 9 - Age & Payment History

Factor 10 - Adjustment Limiter

Factor 1: Assigns a base rating to the loan, based on:

- capital structure
- cash flow
- property type
- value
- location's economic volatility
- floating rate information

CML Credit Rating Factors

Factor 1 - Base Rating

Factor 2 - Rollover Risk -----

Factor 3 - Inc. Enhancement & Credit Support

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Factor 6 - Amortization

Factor 7 - Special Loan Conditions

Factor 8 - Asset Management Ability

Factor 9 - Age & Payment History

Factor 10 - Adjustment Limiter

Factor 2: Adjusts for single-tenancy and the lumpiness and timing of scheduled lease rollovers.

CML Credit Rating Factors

Factor 1 - Base Rating

Factor 2 - Rollover Risk

**Factor 3 - Income Enhancement &
Credit Support-----**

Factor 3: Adjusts for escrows, guarantees, LOCs, and credit tenants -- to the extent their rent covers debt service.

Factor 4 - Competitive Market Analysis

Factor 5 - Building & Location Analysis

Factor 6 - Amortization

Factor 7 - Special Loan Conditions

Factor 8 - Asset Management Ability

Factor 9 - Age & Payment History

Factor 10 - Adjustment Limiter

CML Credit Rating Factors

Factor 1 - Base Rating

Factor 2 - Rollover Risk

Factor 3 - Inc. Enhancement & Credit Support

Factor 4 - Competitive Mkt Analysis ---

Factor 4: Adjusts for market conditions -- both the MSA's general economic strength and the submarket's position in the real estate cycle.

Factor 5 - Building & Location Analysis

Factor 6 - Amortization

Factor 7 - Special Loan Conditions

Factor 8 - Asset Management Ability

Factor 9 - Age & Payment History

Factor 10 - Adjustment Limiter

CML Credit Rating Factors

Factor 1 - Base Rating

Factor 2 - Rollover Risk

Factor 3 - Inc. Enhancement & Credit Support

Factor 4 - Competitive Market Analysis

Factor 5 - Bldg & Location Analysis ----

Factor 5: Adjusts for the quality of the improvements and the property's micro location.

Factor 6 - Amortization

Factor 7 - Special Loan Conditions

Factor 8 - Asset Management Ability

Factor 9 - Age & Payment History

Factor 10 - Adjustment Limiter

CML Credit Rating Factors

Factor 1 - Base Rating

Factor 2 - Rollover Risk

Factor 3 - Inc. Enhancement & Credit Support

Factor 4 - Competitive Market Analysis

Factor 5 - Building & Location Analysis

Factor 6 - Amortization -----

Factor 7 - Special Loan Conditions

Factor 8 - Asset Management Ability

Factor 9 - Age & Payment History

Factor 10 - Adjustment Limiter

Factor 6: Considers property type and effective age while giving credit for faster amortization and penalizing longer terms.

CML Credit Rating Factors

Factor 1 - Base Rating

Factor 2 - Rollover Risk

Factor 3 - Inc. Enhancement & Credit Support

Factor 4 - Competitive Market Analysis

Factor 5 - Building & Location Analysis

Factor 6 - Amortization

Factor 7 - Special Loan Conditions -----

Factor 8 - Asset Management Ability

Factor 9 - Age & Payment History

Factor 10 - Adjustment Limiter

Factor 7: Gives credit for tight underwriting and penalizes for multiple concessions to the borrower.

CML Credit Rating Factors

Factor 1 - Base Rating

Factor 2 - Rollover Risk

Factor 3 - Inc. Enhancement & Credit Support

Factor 4 - Competitive Market Analysis

Factor 5 - Building & Location Analysis

Factor 6 - Amortization

Factor 7 - Special Loan Conditions

Factor 8 - Asset Management Ability --

Factor 9 - Age & Payment History

Factor 10 - Adjustment Limiter

Factor 8: Penalizes asset managers with little experience or a poor track record.

CML Credit Rating Factors

Factor 1 - Base Rating

Factor 2 - Rollover Risk

Factor 3 - Inc. Enhancement & Credit Support

Factor 4 - Competitive Market Analysis

Factor 5 - Building & Location Analysis

Factor 6 - Amortization

Factor 7 - Special Loan Conditions

Factor 8 - Asset Management Ability

Factor 9 - Age & Payment History -----

Factor 10 - Adjustment Limiter

Factor 9: This factor gives credit for good performance over time and penalizes delinquency, forbearance and restructuring.

CML Credit Rating Factors

Factor 1 - Base Rating

Factor 2 - Rollover Risk

Factor 3 - Inc. Enhancement & Credit Support

Factor 4 - Competitive Market Analysis

Factor 5 - Building & Location Analysis

Factor 6 - Amortization

Factor 7 - Special Loan Conditions

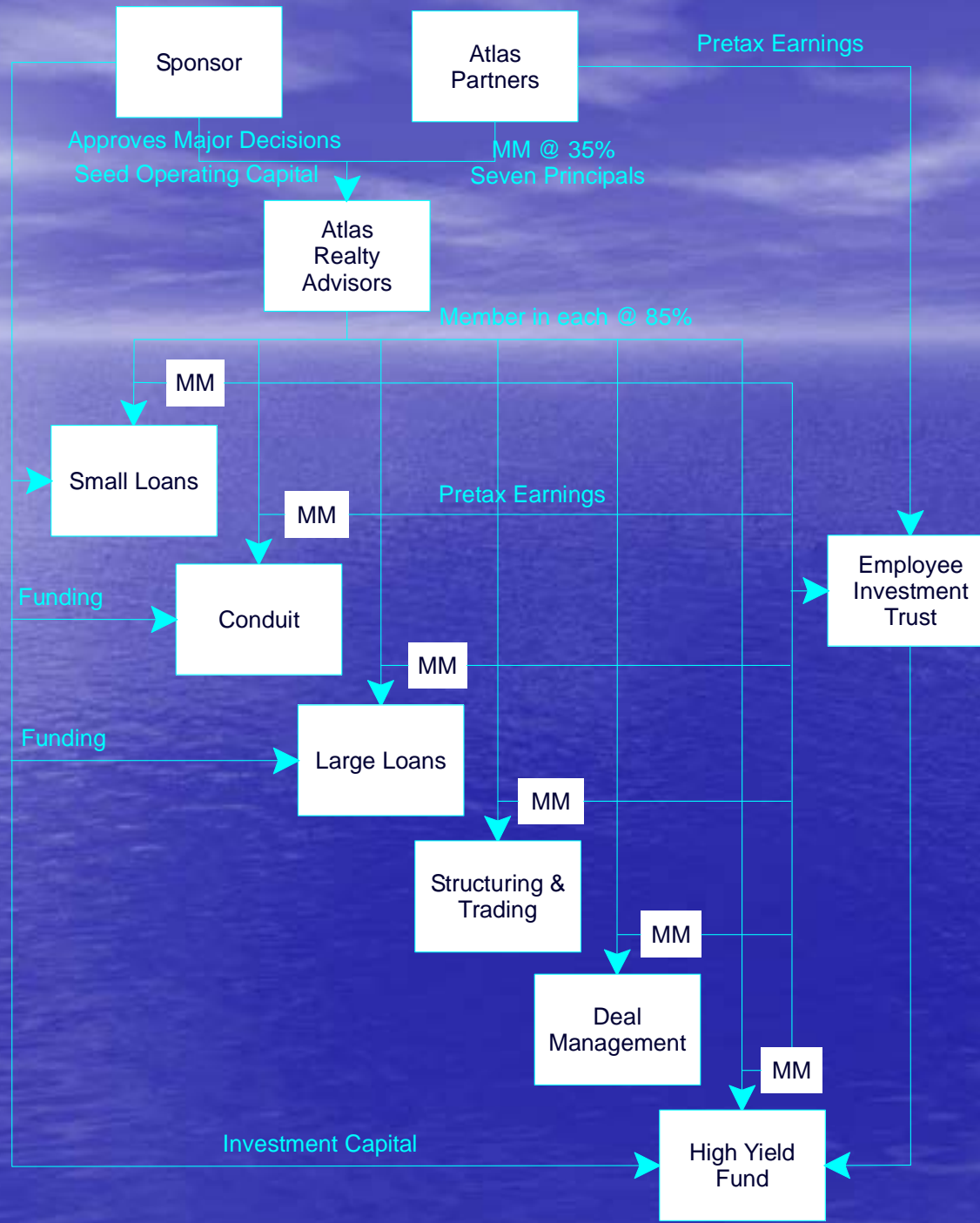
Factor 8 - Asset Management Ability

Factor 9 - Age & Payment History

Factor 10 - Adjustment Limiter-----

Factor 10: for low LTV loans, reduces significance of Combined Factors 2 thru 8.

Any Questions?





Atlas High Yield Fund

Promote Structures

Promote Structures

Fund Name	Type	Tgt Return (net of fees)	Inv Prd	Fund Life	Debt Lvl	Acq Fee	Mgmt Fee	Disp Fee	Waterfall Step 1	Step 2	Step 3	Step 5 (Catch-up)	Step 6
GMAC Commercial Realty Partners, LP	RE Equity Val-Add	15%	3	8 +1+1	65%	0%	1.00%	0%	100% to 10% Pfd Return ON	100% until Return OF	75/25 to 15% IRR	25/75 catch-up to 20% of profits	80/20
O'Conner N.A. Property Partners LP	RE Equity Val-Add	18%	4	10	75%	0	1.50%	0%	100% to 10% Pfd Return ON	100% until Return OF	--	50/50 catch-up to 20% of profits	80/20
Goldman Sachs Whitehall Funds	RE Equity Val-Add	?	?	?	?	→	1.50 to 2.00%	←	8.5 to 10% Pfd Return ON	100% until Return OF	?	?	?
Apollo-GMAC RE Mezz Fund LP	Mezz	15 to 17%	3	6 +1+1	50%	0	1.50% then 0.75%	0	100% to 9% Pfd Return ON	100% until Return OF	--	70/30 catch-up to 20% of profits	80/20
Mass Mutual / Boston Capital Mezz Partners II, LP	Mezz	14 to 17%	3	5 +1+1	50%	0	1.25%	0	100% to 9% Pfd Return ON	100% until Return OF	80/20 to 15% IRR	--	65/35

Promote Structures

Fund Name	Type	Tgt Return (net of fees)	Inv Prd	Fund Life	Debt Lvl	Acq Fee	Mgmt Fee	Disp Fee	Waterfall Step 1	Step 2	Step 3	Step 5 (Catch-up)	Step 6
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Atlas High Yield Fund, LP	RE Equity Mezz CMBS Energy	15 to 17%	3	6 +1+1	Eq@ 75% Dbt@ 50%	0	1.50%	0	100% to 10% Pfd Return ON	100% until Return OF	75/25 to 15% IRR	50/50 catch-up to 20% of profits	65/35

Technology Platform

The image features a solid teal background. At the bottom, there is a stylized silhouette of a mountain range in a slightly darker shade of teal. The text "Technology Platform" is centered in the upper half of the image in a white, sans-serif font with a thin black outline.

Key Components

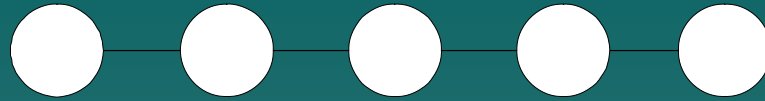
- ◆ Client / Server Network
- ◆ Multiple Dedicated Servers
 - File Access
 - Printing
 - Email
 - Internet Access
 - Web Hosting
- ◆ Online Conferencing

Servers

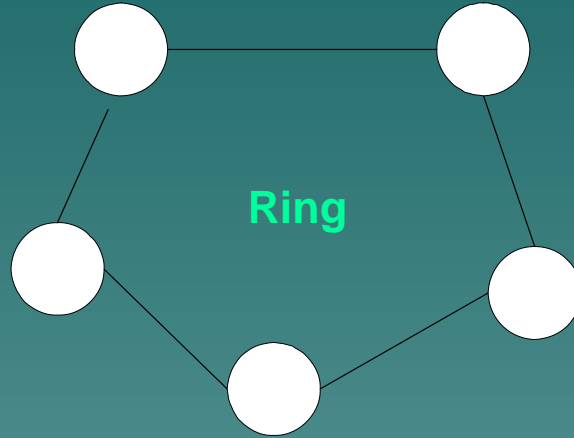
- ◆ State of the Art
 - Fast CPUs
 - Ample memory & disk space
 - SCSI drives
- ◆ UPS

Network Topology

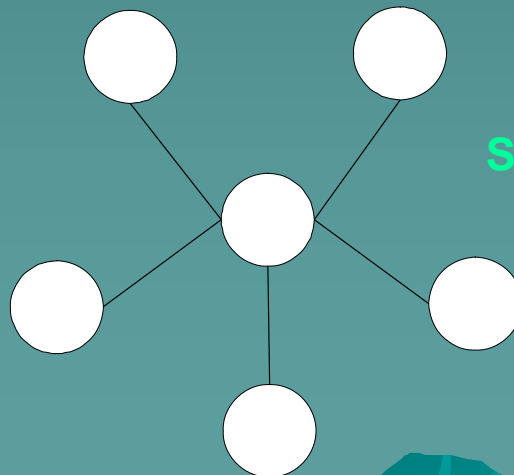
Bus



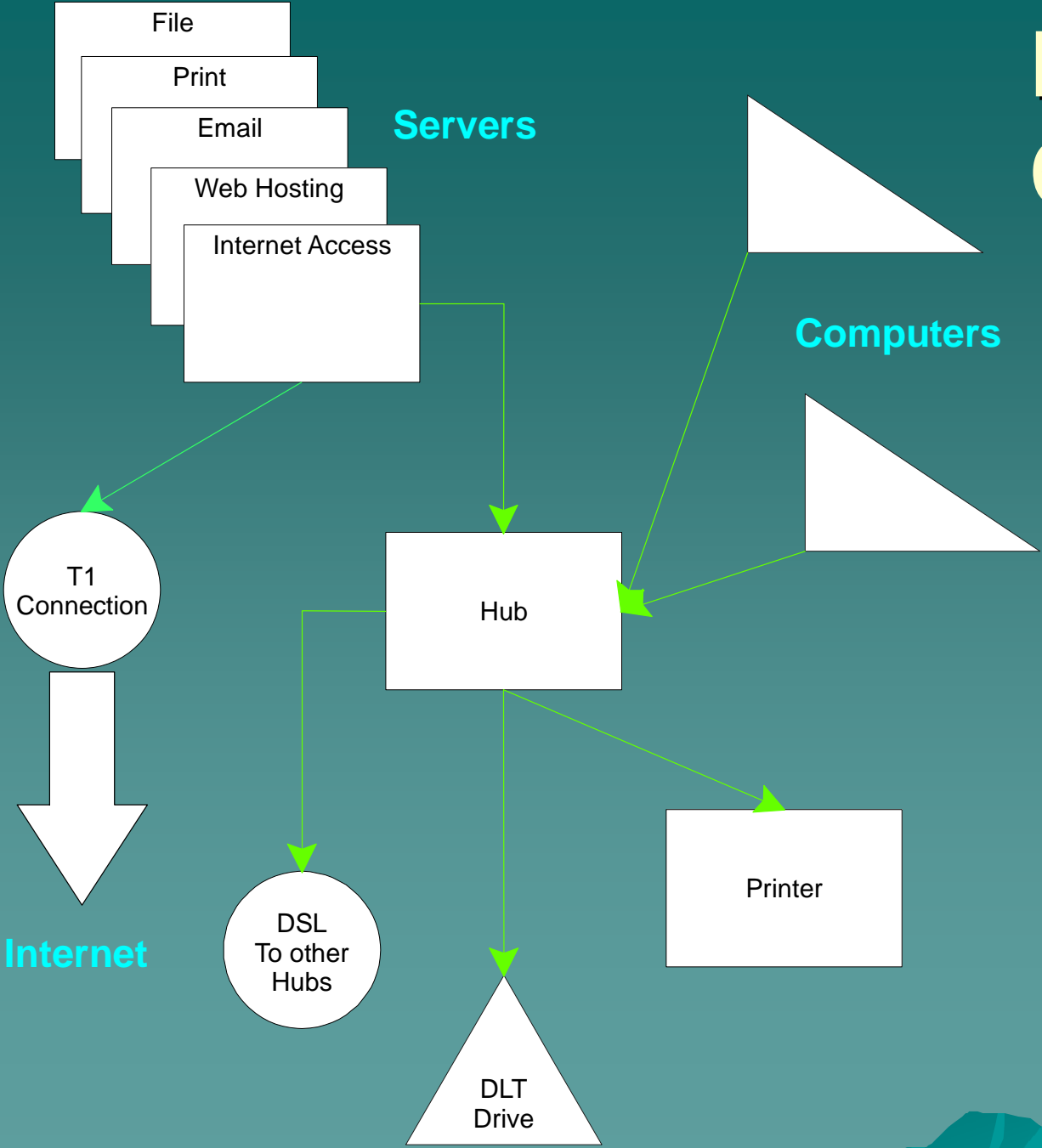
Ring



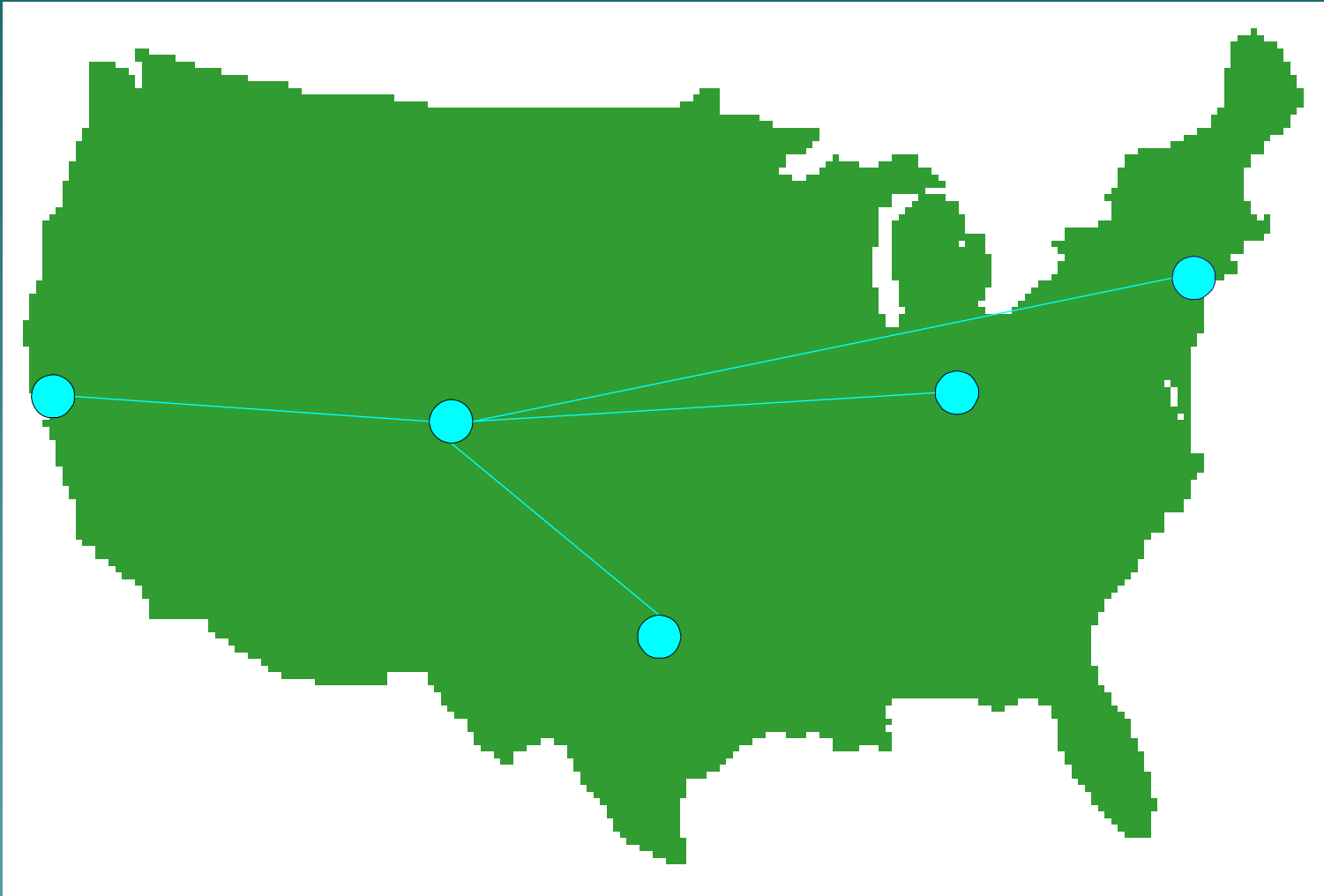
Star



LAN Configuration




Atlas Network Topology



Online Conferencing

- ◆ WebEx Meeting Center – *where you can show documents, run applications and remotely control participants' computers.*
 - The gold standard for online meetings
 - 64% market share
 - Over 8,000 customers worldwide
 - Forbes named WebEx as #1 fastest growing technology company
 - Powerful functionality
 - Simple to use
 - Secure environment
 - Reliable service
 - www.WebEx.com

Technology Requirements

- ◆ Hardware
 - ◆ Software
 - Network Operating System
 - Applications
 - ◆ Service Subscriptions
 - ◆ Staffing
- 


Hardware Requirements

- ◆ 50 computers (laptops)
- ◆ 5 Servers
- ◆ 5 Hubs
- ◆ 5 DSL modems
- ◆ 1 DLT drive
- ◆ 1 T-1 Connection

Network Operating System (NOS)

- ◆ For 50 or fewer computers, MS offers a special bundle "Small Business Server" including:
 - Windows 2000
 - Exchange Server 2000
 - Internet Security
 - Acceleration Server 2000
 - SQL Server 2000
 - Frontpage 2000
 - Outlook 2000

Applications

- ◆ MS Office Suite
 - Excel, Word, PowerPoint, Access, Outlook, Explorer
 - ◆ Argus
 - ◆ Crystal Ball
 - ◆ Hot Docs?
 - ◆ ISP Subscription
 - ◆ WebEx Subscription
- 

Staffing

- ◆ 1 Director of IT
- ◆ 2 Network Administrators
- ◆ 5 Support Technicians (Help Desk)
- ◆ 2 Web Designers

Conservative Cost+ Estimate

◆ Compensation	\$1.7m
◆ H/S-ware	\$202k
◆ 15% Oversight	\$277k
◆ Total	\$2.2m
◆ Budgeting	\$42.5k / emp