



NEWS RELEASE

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CONTACT: Sandra Grove/Tara Peters
Grove Media
858-565-1905
sgrove@grove-media.com

CAPSTONE ADVISORS ACQUIRES MISSION ESCONDIDO SHOPPING CENTER *Company will begin \$300,000 Capital Improvement Project Later this Month*

SAN DIEGO -- Capstone Advisors, a San Diego-based real estate investment, asset management and advisory firm, has purchased the Mission Escondido Shopping Center, a 40,317-square-foot retail complex in Escondido, for \$3.9 million from a subsidiary of Kennedy Wilson Properties. The company plans to use its asset management and repositioning expertise to give the project a much needed facelift to complement the community and to serve current and future tenants and their customers.

"Capstone Advisors is on the lookout for properties just like this one – good real estate that has been negatively impacted by the economic downturn," said Zikakis. "Our successful track record includes the purchase and subsequent repositioning of nearly six million square feet of shopping centers, industrial facilities, and low-rise and high-rise office buildings during the prior recession and we are using this same 'turnaround' expertise to help properties like this one today. Many properties are over-leveraged or have gone through foreclosure, and while a bank makes a wonderful lender, operating commercial real estate is not their core competency."

Mission Escondido Shopping Center consists of two multi-tenant buildings at 201-205 West Mission Ave. that were built in 1985. The center is currently 70 percent leased. The largest tenant is United Cerebral Palsy which operates its primary North San Diego County location in a 10,288-square-foot space it has occupied since 2000. There are also four restaurants, an Asian grocery store and a variety of professional offices. Many of the businesses have been operating in the center for seven years or more.

"The center has a great infill location in Escondido's downtown district and is home to a nice roster of tenants," said Zikakis. "Our goal is to implement a number of improvements to the center, which suffers from a significant amount of deferred maintenance, to enhance its street and storefront appeal, provide for a better business environment for the existing tenants, and help attract new tenants."

Zikakis said Capstone Advisors will begin implementing \$300,000 in capital improvements including a "green" strategy to enhance the center's efficiency. Planned upgrades include repainting the exterior, improved pylon and storefront signage, new energy efficient exterior lighting, landscaping with low volume irrigation, ADA modifications and major parking lot repairs to enhance traffic flow. In addition, Capstone will restore vacant spaces to leasable condition and make changes to bring HVAC units up to maximum energy efficiency. The company will also implement a trash recycling program and work with tenants to implement an energy efficiency program to lower their energy costs.

Construction of the improvements is expected to begin this month, with completion slated for early fall 2011.

In the purchase, Capstone Advisors was represented by Brent Bohlken of Grubb and Ellis and Tony Villaseñor of Sierra West Group. The seller was represented by Edmond Sachse of Kennedy Wilson Properties. Silvergate Bank of La Jolla provided financing.

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CAPSTONE BUYS ESCONDIDO RETAIL CENTER 2-2-2-2-

Capstone Advisors was founded as a diversified real estate investment, development and advisory firm. In addition to investing in a wide range of commercial property types, the company provides third party asset management and receivership services to a variety of banks, investors and private lenders. The company has served as advisor, capital provider, asset manager, operating partner, and developer for some of the world's largest financial institutions. The company is one of the most recognized and respected residential investors in the western United States. Through its partnerships, Capstone Advisors has entitled or developed 27,000 residential lots and built and sold 5,000 homes.

Capstone Advisors is headquartered in Carlsbad, Calif., at 1545 Faraday Avenue. The phone number is 760-804-6900. The company's web address is www.capstoneadvisors.com.

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