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Strategic Capital Partners and American Realty Investors Acquire Spring Meadows Apartments in Houston, TX

Transaction is second investment of SCP's new Core Plus fund

Indianapolis, Indiana, July 27, 2011—Strategic Capital Partners, LLC (SCP), through SCP Real Estate Opportunity Fund I, has acquired a 304-unit, multi-family complex located in the Westchase district of Houston, Texas.

The property, Spring Meadows, was built in 1979 and is being purchased out of bankruptcy court. It was acquired through a joint venture with American Realty Investors (ARI), a Houston-based owner and operator. ARI currently owns the two neighboring properties that are of the same vintage and are both more than 92% leased.

The strategy is to complete a \$2.8 million renovation which will include upgrading the common areas, the leasing office and unit interiors. Once completed, the goal is to increase occupancy to 92% and take advantage of Houston's strong economic fundamentals. The partnership invested approximately \$3.1 million of equity and received a bridge loan for the renovation period.

"SCP is pleased to have acquired an off-market, underperforming asset that will require some capital to achieve market rents and occupancy," said Robb Bollhoffer, Vice President of Acquisitions for SCP. "We are also excited to partner with ARI, a company with an extensive track record and impressive reputation which has been successful in renovating and managing the two adjacent properties."

Added Ken Hatfield, Jr. of ARI, "We believe Spring Meadows presents tremendous upside by reinvesting in capital expenditures and applying hands-on management. Our well-capitalized partnership will enable us to take advantage of the quickly improving Houston apartment market."

American Realty Investors is a full-service commercial real estate company located in Houston, Texas, with its main focus on multi-family residential communities. ARI's real estate holdings are primarily located in Houston and Corpus Christi, Texas. The portfolio consists of fourteen residential communities with over 4,000 units. Learn more about ARI at www.ARILP.com.

Formed in 2005, Strategic Capital Partners, LLC (SCP) is a privately-held, real estate investment management firm that employs a value-added investment strategy of acquiring commercial and multi-family properties across the United States. SCP, through its Strategic Partners Value Enhancement Fund, Strategic Capital Partners Real Estate Opportunity Fund I, and Strategic Partners Urban Development Group, has invested more than \$1 billion in total capital.

The SCP team of veterans has 200 years and \$20 billion of collective real estate investing experience, employing a hands-on, cycle-tested investment approach. Strategic Capital Partners is headquartered in Chicago with offices in Indianapolis and New York. Learn more about SCP at www.strategiccappartners.net.

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