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The Swig Company Confirms Purchase of Oakland's Kaiser Center

Latest major acquisition expands San Francisco-based investment and management company's portfolio to more than 8M SF in eight major markets nationwide

San Francisco, CA (June 15, 2005) – The Swig Company, a privately owned real estate investment and management company based in San Francisco, has purchased the prestigious Kaiser Center in Oakland, CA, from Summit Commercial Properties and Highridge Partners. Terms of the transaction were not disclosed.

The acquisition was sourced by The Swig Company, and completed through a joint venture between affiliates of The Swig Company and Swig Investment Company and GMAC Institutional Advisors. GMAC Commercial Mortgage, through its proprietary lending group, also provided \$147 million in fixed-rate financing for the acquisition. The Swig Company will be the operating partner of the new venture.

Kaiser Center was acquired by El Segundo, CA-based Summit in 2003 from an ownership group which included Kaiser Aluminum. The 900,000-plus square foot mixed-use complex overlooking Lake Merritt has long been one of Oakland's premier addresses. The property consists of three structures, including: the Kaiser Center I office building, a landmark high-rise tower containing 784,689 square feet; Kaiser Center II, a mixed-use, 128,730 square foot retail/office building; and a five-story, 1,339-stall parking garage designed to service the two office assets.

Although unwilling to disclose the purchase price, Jeanne Myerson, The Swig Company's Chief Executive Officer said, "This investment represents sane pricing with a decent return, is based on rents at or below market, and offers some redevelopment potential, along with a new development option on a portion of the site."

Ms. Myerson also said that The Kaiser Center I building is 98-99 percent leased. "Fewer than half of the tenant leases expire before 2011, and 67 percent of the tenants are investment grade," she explained.

Tenants in the center include the Bay Area Rapid Transit Authority (BART) with well over 300,000 square feet; the University of California Regents with more than 152,774 square feet; the Kaiser Foundation Health Plan with more than 75,000 square feet; and California Bank & Trust, with in excess of 45,000 square feet.

Developed originally to showcase and headquarter Kaiser Aluminum Company, the Kaiser Center has a well-earned reputation for innovative design elements, an influential corporate tenancy, and some of the best view space in the Northern California market.

“You know this building is special the minute you step into the lobby. Kaiser Center is a treasure,” said Ken Perry, Chief Investment Officer and head of Asset Management for The Swig Company. “This property is the perfect addition to our changing national investment portfolio. We like buildings with character and designs that are unique. The property is leased to quality tenants with substantial lease terms, and this is a tenancy that has a penchant for ‘sticking’ in place. The views are stunning on just about every floor, the floor plans work very nicely and the Oakland market is improving with an outlook of higher rents. We’re very pleased.”