

FROM THE CHAIRMAN

The shock wave of the financial tsunami that rocked the world economies in 2008 was impossible to interpret at the time and meant that 2009 began with great uncertainty as investors throughout the globe struggled to make sense of the upheaval and what effects it would have over the long term. While economic turmoil on this scale is thankfully not normal, the cyclical nature of the market is understood, and it was clear to us for some time that many of the markets, particularly property, were becoming overheated.

The quality of our research and intelligence ensures we are provided with the data vital for making correct investment decisions. This analytical approach has been a strength of HDG Mansur for more than 25 years and has served us like an insurance policy against market fluctuations. It also means that we are strongly positioned to take advantage of the investment opportunities that historically present themselves following downturns. In future issues of this newsletter we will share this research – particularly relevant to both North American and European markets – with you.

The second half of 2009 saw some stability begin to return to both markets and economies and we look forward to working with you as we enter 2010 knowing that we are ideally positioned to benefit from this improving climate.

Harold D. Garrison
Chairman & CEO



CORPORATE UPDATE

SIGNIFICANT REFINANCINGS NEARING COMPLETION

As of November 30, HDG Mansur closed nearly \$700,000,000 worth of refinancings. The company expects to close on an additional \$500,000,000 by the end of 1Q 2010. The refinancings are comprised of approximately 50 assets in the United Kingdom, Germany, the Netherlands and the United States. These properties represent a wide-range of property types including single-tenant, multi-tenant, development, land, mixed-use and residential. (continued on page three)



*Single-Tenant Property
Zwolle, Netherlands*



*Mixed-Use Scheme
Bristol, England*



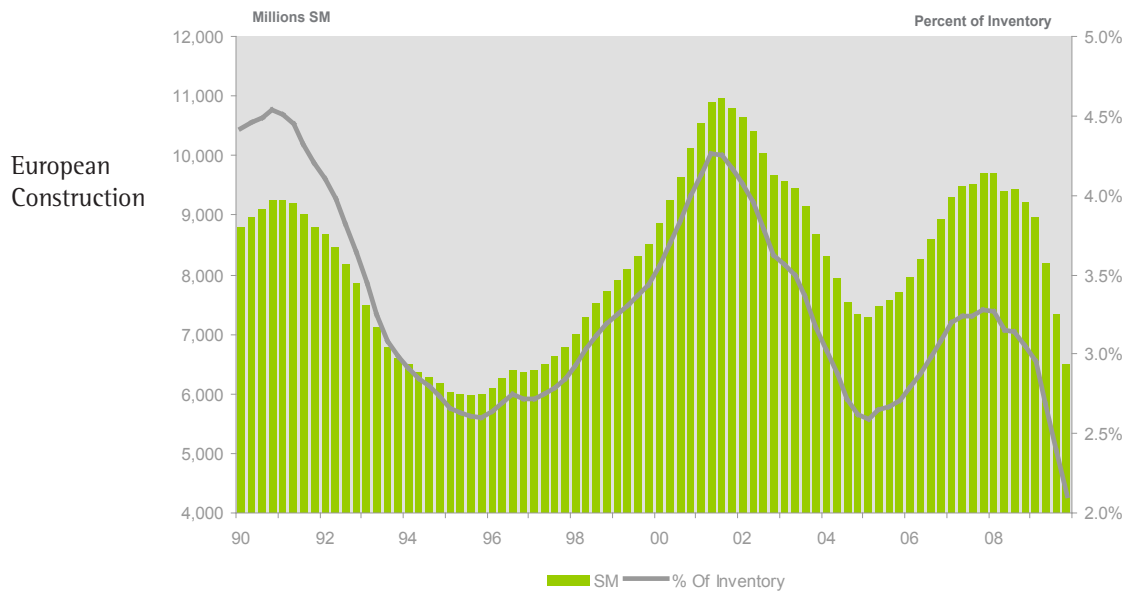
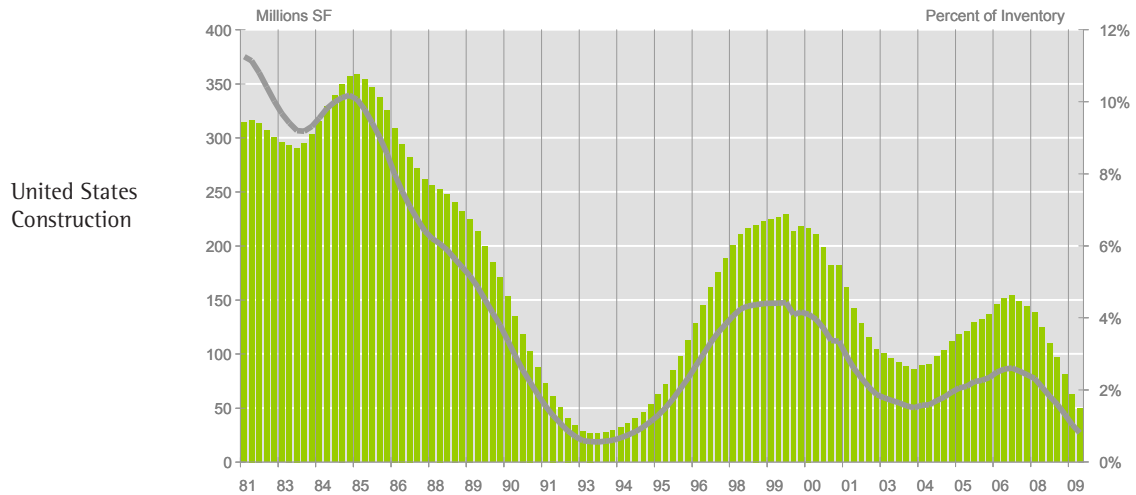
*Multi-Tenant Property
Berlin, Germany*



MARKET OUTLOOK

CONSTRUCTION HAS SHUT DOWN IN THE US AND IN EUROPE

- New construction in the US is declining to early 1990s levels
- At the same time, office using employment increased in the last few months of 2009, signaling that the recovery is on the horizon
- The lack of new construction will allow vacancies to fall rapidly once demand rebounds



Source: PPR

- New construction in Europe is declining to mid-1990s levels
- By 2012, the pace of new construction will have slowed to a trickle in most of the core office markets. This timing should coincide well with a sustained revival in rent growth across most of Europe

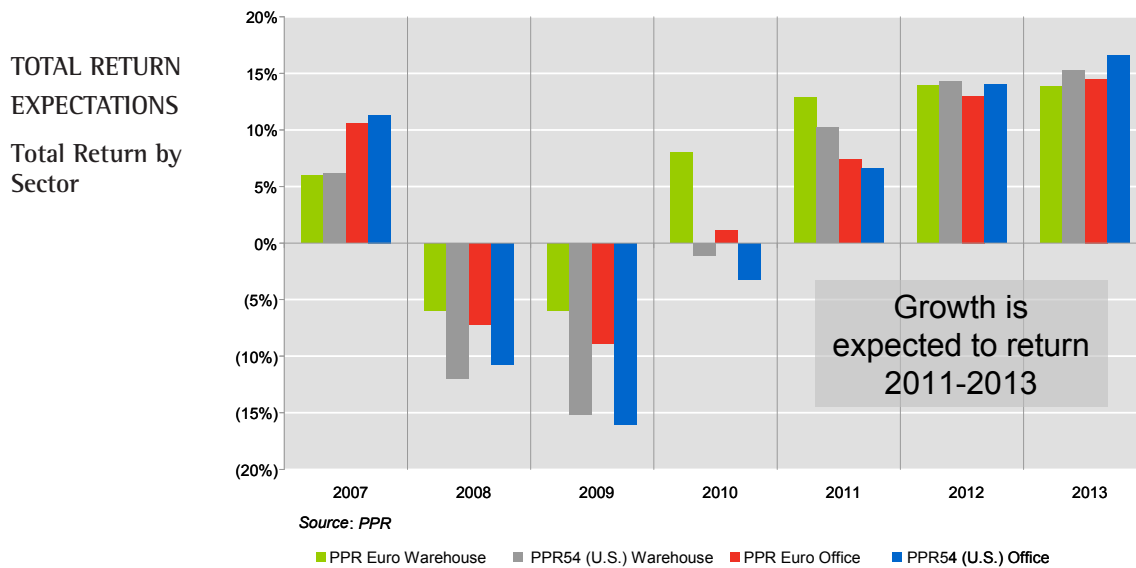




MARKET OUTLOOK

TOTAL RETURN EXPECTATIONS

- According to Property Portfolio Research (PPR), 2010 will be a good year to make strategic acquisitions
 - Capture pricing at the bottom of the cyclical downswing
 - Purchase solid assets at distressed prices
 - Acquire properties at discounts to actual costs
- Target exit strategies to capture value growth from:
 - Real estate income growth
 - Cap rate compression
 - Markets with increased sales activity
- The recovery will not be uniform
 - Although the recovery will not begin in earnest until 2010, many markets expect to bottom in 2010 and post strong returns in 2011
 - European and US warehouses offer the highest prospective returns, due to relatively attractive prices and stable fundamentals
 - Select European and US office markets expect to see large value gains



CORPORATE UPDATE

HDG MANSUR (continued from page one)

In 2007, HDG Mansur retained IPD (Investment Property Databank) to develop tools to help measure the performance of the single-tenant properties acquired by HDG Mansur and to benchmark performance against single-let properties in the IPD database. HDG Mansur is pleased to report that for the year ending December 31, 2008, the Total Return of HDG Mansur's single tenant properties outperformed the IPD benchmark by 810 basis points and surpassed the performance of nearly all single tenant properties in the IPD database. IPD, the world leader in performance analysis for the owners, investors, managers and occupiers of real estate, conducted this analysis of HDG Mansur's Single Tenant property results using Global Investment Performance Standards (GIPS).



IN THE NEWS

Dr. Rachna Upadhyia (inset), Senior Executive Officer and Managing Director of HDG Mansur (Dubai) Limited was recently named a “Rising Star” by *Financial News*. One hundred individuals were selected from a list of 300 potential rising stars. Nominees had to be under the age of 40, based in Europe, the Middle East or Africa and working in investment banking, asset management, hedge funds, private equity, or wealth management. Candidates were assessed over four criteria: achievements to date, the stature of mentors, firepower at their disposal and their potential to reach a position of great influence. Rachna has an impressive resumé and her nomination comes as little surprise given her academic and professional credentials. The only female chief executive in Dubai, she started her career as one of the UK’s youngest doctors before converting to the financial sector in 2000 and subsequently holding senior positions at Merrill Lynch and Collins Stewart. Harold Garrison, Chairman & CEO of HDG Mansur commented “HDG Mansur prides itself on the high-caliber talent in our company and we are grateful to *Financial News* for recognizing Dr. Upadhyia as a “Rising Star.” She has displayed exceptional achievement in her career. We are pleased to have her on our team.”



PROJECT UPDATE

Construction is advancing at a steady pace at HDG Mansur’s flagship development, Finzels Reach in Bristol, England (inset). The company just appointed a site-wide contractor, John Sisk and Sons Limited, to take over the first phase construction program for both the commercial and residential elements of the one million sq. ft. scheme. This new site-integrated approach means a more efficient construction process as well as a tighter schedule. Work is progressing on the site-wide basement box with the superstructure works for the first residential building that started in January. HDG Mansur is delighted to have brought on board a contractor with such a strong reputation for its expertise and the quality of its build and looks forward to seeing the scheme progress further this year. Completion of the first phase is expected in the 2Q of 2011.



HDG Mansur is a leading international real estate company with more than 25 years experience in providing fund/asset management and property development services. Since 1982, HDG Mansur has developed, managed and advised on more than \$5.9 billion in real estate investments on behalf of private clients and select institutions worldwide. With offices in London, New York, Indianapolis and Dubai, HDG Mansur currently has \$2.6 billion of real estate assets under management worldwide and is continually sourcing properties to add to its portfolio.

London

38 Curzon Street
First Floor
London W1J 7TY
Tel +44.207.016.0110
Fax +44.207.016.0111

New York

780 Third Avenue
27th Floor
New York, NY 10017
Tel +1.212.809.5600
Fax +1.212.888.8771

Indianapolis

10 West Market Street
Suite 1200
Indianapolis, IN 46204
Tel +1.317.655.7700
Fax +1.317.655.7701

Dubai

Office 33, Level 15
DIFC Gate Building
DIFC
Dubai, UAE
Tel +971.4401.9965
Fax +971.4401.9964

Email investorrelations@hdgmansur.com

Website www.hdgmansur.com

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