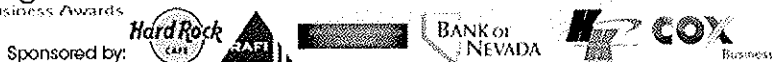




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**Prudential buys Turnberry debt, takes over tower**

*Industry insiders say deal may signal emerging trend in battered upscale market*

BY VALERIE MILLER

The power behind Turnberry Towers has shifted. Prudential Financial has become the controlling entity of Turnberry's newest condominium tower after buying its outstanding debt from lenders.

Prudential and developer Turnberry Associates remain partners in the two-tower, 640-unit complex luxury development. But the debt acquisition by Prudential makes the loanholder the controlling partner as the luxury project's developers are struggling to sell units. Prudential bought the undisclosed amount of debt from Bank of America in early March for an undisclosed price, Bank of America spokeswoman Colleen Haggerty confirmed.

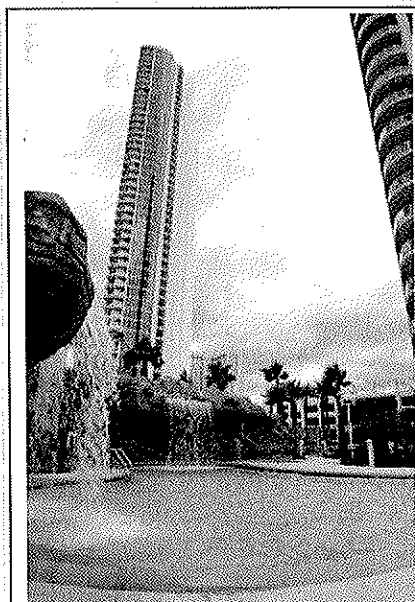
The changeover mainly affects the newer west tower, which was completed last year. The 320-unit west tower has about 150 unsold units. About another 50 units remain vacant in the 320-unit east tower, which was already turned over to the condo owners, said John Riordan, Turnberry Ltd.'s senior vice president for the Western Region.

"They (Prudential) will decide what to do with the remaining unsold inventory," he said. "It was a mutual decision ... the lenders have been paid off. There is no lien."

Turnberry Towers is on Karen Avenue near the Las Vegas Hilton. It is the sister project to Turnberry Place, a development that includes the Stirling Club. Tower units, including penthouses, are being listed for \$450,000 to \$2 million on the Luxury Realty Group Web site. However, those prices are proving hard to get during a real estate market collapse and recession.

"The sales in the real estate market are mostly foreclosures and short sales," Riordan said.

James Beasley's luxury real estate company, Beasley & DeVarreau Sotheby's International Realty, sells Turnberry Towers units for owners. The broker now has



JOHN GURZINSKI/REVIEW-JOURNAL  
Turnberry Towers' west tower rises over the pool area outside the east tower. Prudential has gained control of Turnberry's west tower after buying its outstanding debt from lenders.

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one Turnberry listing, but hasn't been able to sell a unit in the towers for at least 18 months, he said.

Turnberry residents are not expected to see any changes as a result of the control shift, and Turnberry Associates remains in the partnership, Turnberry Ltd. President and Chief Operating Officer Bruce Weiner said in an e-mail.

Beasley, president and CEO of Beasley & DeVarreau, said Prudential's debt purchase may be part of an emerging trend.

"I have never come across it before, but I don't think it is unusual in this environment," he said. "The high-end has really been challenging since last October, when the credit market dried up ... I think these deals will happen more often."

Weiner agrees that what would otherwise be an "abnormal" deal makes sense in the current economy.

"Under normal market conditions it would be abnormal, however, with the banking world in a deep freeze, property values in flux and Las Vegas currently in a severe slowdown, the partner or lender is stepping in to solidify the development's underpinning and obligations," an e-mail statement read. "In this case, Prudential stepped in and paid off the consortium of banks involved in the overall construction loan."

Industry observers hailed Prudential's move as forward-thinking, and surmised that the buyer got a good deal on the debt.

"Financial institutions see the value of getting real estate at a discounted price," Beasley said of Prudential's move. "I'm sure they didn't pay 100 percent (of the original value) of the debt."

Attorney David LeGrand, who has structured many corporate transactions, also lauded Prudential's move.

"In this economic environment, it makes sense to improve your financial portfolio at a discount if you have the money," he said.

However, Turnberry Associates may soon be in a weaker negotiating position with Prudential when the market recovers.

"If they have the debt, they might have the ability to extract some concessions," he said.

No money was paid to Turnberry or Prudential in the debt acquisition, Weiner said.

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