

BIG Orangewood Place, LLC – TIC Offeror | BIG Orangewood Place Manager, LLC – LLC Unit Offeror  
330 Garfield Street, Santa Fe, New Mexico 87501

## Orangewood Place

3690 ORANGE PLACE DRIVE, BEACHWOOD, OHIO 44122.

**TENANT-IN-COMMON INTERESTS**

**AVAILABLE FOR 1031 EXCHANGE**

**MINIMUM UNIT PRICE: \$457,973 (3.00% INTEREST)**

**EQUITY: \$157,973**

**MORTGAGE: \$300,000**

**LLC UNITS AVAILABLE**

**MINIMUM INVESTMENT - \$25,000**



### KEY FEATURES:

- Stabilized and attractive Class B, 126,901 rentable sf, 5-story multi-tenant office building on approximately 4.73 acres
- At closing, the Property will be approximately 94.17% occupied and gross rents will be approximately \$1,841,280.
- No dependence on major tenants – 44 current lessees afford potential for more frequent, staggered roll-overs and higher rents
- The Property is located in an affluent suburb that is expected to have continued population growth and an increase in real estate values.



**BGK-INTEGRATED GROUP**

Direct All Inquiries to:  
K-One Investment Company, Inc. - Managing Broker-Dealer  
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**TICA**

TENANT-IN-COMMON ASSOCIATION



## Property Description

Orangewood Place is a 126,901 sf, Class B, multi-tenant office building on a 4.73 acre site in Beachwood, Ohio. The site is improved with parking, concrete walkways, a bright atrium lobby, three elevators, a restaurant, conference room, barber shop, and attractive landscaping. The Property enjoys good visibility from the adjoining highway system, and easy access to highways and local neighborhood services. The building is functional for healthcare providers and general office tenants. It has been well maintained and upgraded from time to time, with an attractive, bright atrium lobby and high quality interior finishes. The building floor plan can accommodate large and small tenant use, and there is convenient, on-site parking.

## Highlights of Beachwood, Ohio

Beachwood is an easily accessible suburb of Cleveland located approximately 12.5 miles east of downtown, and less than 5 miles from the affluent suburb of Shaker Heights. Beachwood is considered to be one of the more desirable suburban office locations in the Cleveland metropolitan area. It is in a middle and upper class neighborhood, with high-end retail shopping, expensive hotels, popular restaurants and a mix of commercial office, residential and industrial properties. Beachwood's resident population of 12,200 people increases daily to an estimated 80,000 as workers and shoppers come into the area. Because of its location on the Cuyahoga River and Lake Erie, Cleveland was historically one of the nation's manufacturing hubs. Today, it is the nation's 33rd largest city and has a diversified economy focused on service-based industries. It is emerging as a leader in health care and health sciences, and is becoming a principal in biotechnology and fuel cell research. The outlook for the Cleveland real estate market, especially the Beachwood submarket, appears positive both in terms of its continued economic growth and stability.



## Office Market Overview

The Property is located in the Beachwood suburb of Cleveland, which has a current average vacancy rate of 10% for office space, with average asking rental rates of approximately \$22.89 for Class A properties and \$16.54 for Class B space. The overall Cleveland office market includes approximately 100 million sf of space, with a current market vacancy rate in the 13% - 15% range, and an average asking rental rate of approximately \$17.25 for Class B space. Over the past two years, market conditions have improved at a steady pace, and there has been substantial office absorption in the most recent quarters. Current vacancy rates are the lowest since year-end 2001. Perhaps more than any other submarket, Beachwood's lease rates favor the landlord, and the area appears to be poised for increasing occupancy and rental rates. In particular, the healthcare industry is an important economic driver in the Beachwood and neighboring suburban markets and the Property is situated to gain from this environment. There is approximately 90,000 sf of new Class B construction in the Property's immediate submarket; 88% of which is already preleased and is being marketed at \$19.50 per sf. This is expected to put upward pressure on other rents in the submarket. The office outlook for 2007 seems favorable, with continued absorption in both Class A and Class B buildings expected to lead to rental increases, and decreases in concessions and incentives by landlords.





**PROPERTY, ACQUISITION & OFFERING INFORMATION**

**Property, Tenants & Leases:**

<i>Property Name/Address:</i>	Orangewood Place, 3690 Orange Place Drive, Beachwood, Ohio 44122.
<i>Market Location:</i>	Located in Beachwood, an eastern suburb of Cleveland, Ohio, the Property is situated in one of the more desirable office markets in the Cleveland MSA.
<i>Improvements:</i>	A 5-story, multi-tenant Class B office building with approximately 126,901 sf of leasable area; 550 total parking spaces; a bright central atrium lobby; a restaurant; three passenger elevators; concrete walkways; a shared conference room; a barber shop; and attractive landscaping and signage.
<i>Building Condition:</i>	The improvements are well maintained, effectively designed, and constructed of average to good quality materials in a manner to provide for long-term utility. The building lobby is attractive and functional, parking is convenient, curb appeal is good, and building floor plates are efficient.
<i>Rent/Occupancy:</i>	As of August 31, 2007, the building was approximately 82.79% leased, with gross annualized rent of approximately \$1,841,280. Office tenants generally pay their pro rata share of operating expenses and real estate taxes. At the time of the first Tenant in Common closing, Tomorrow Fund Management Limited Partnership (TFM), an affiliate of the seller, will enter into an approximately 7-year lease (TFM Lease) for 8,358 sf of office space and 6,088 sf of space on the Lower Level of the building. The TFM Lease will bring the building's effective occupancy to approximately 94.17% and increase the gross annualized rent to \$2,009,627. The Tenants in Common will have the right to recapture and re-lease all or portions of the space leased to TFM, and the right to relocate TFM to other portions of the building. The TFM Lease will be fully collateralized with a security deposit in the amount of \$856,000
<i>No Dependence on Major Tenants:</i>	44 tenants occupied the Property as of August 31, 2007, with approximately 17.77% of the building leased to 3 tenants (only one of which leases more than 10,000 sf of space). The largest tenants include financial services firms and medical professionals, and at closing, TFM will become a major tenant as well.

**Acquisition, Financing & Assumptions:**

<i>Purchase Price:</i>	\$14,960,456 (\$120 psf) for a 98% interest in the Property (the offeror will buy at least a 2% interest, and the seller will retain interests not sold in the offering). Replacement cost for the building is estimated at \$175 psf.
<i>First Mortgage (in place):</i>	\$10,000,000 at 5.975%, interest only for a period of 3 years, and then payments of principal and interest for the remaining 7 years based on a 30-year amortization schedule.
<i>Reserves:</i>	\$275,616 lender reserve and a \$253,802 operating/capital reserve.
<i>Credit Facility:</i>	A \$300,000 line of credit is arranged by the offeror for certain future leasing costs, if needed.
<i>Anticipated Closing Date/Holding Period:</i>	Offering expected to have a first closing in November 2, 2007. The offeror projects that the Property will be sold and/or refinanced in approximately 7 to 10 years.
<i>TIC Acquisition Terms:</i>	Minimum purchase – 3% Interest for \$457,973 (\$157,973 of equity and \$300,000 of debt).
<i>LLC Unit Investments:</i>	\$5,000 per Unit – minimum investment is 5 Units (\$25,000).
<i>Anticipated Yields &amp; Annualized Return through Sale:</i>	The initial yield is projected to grow from approximately 7.05% to over 8.00% in 10 years. Based on different sales dates and capitalization rate assumptions, the 7 year average annual return is projected to be 7.24%, and the annualized 7 year yield on investment is projected at 17.26%.

**All financial data/projections herein are based on specific assumptions more fully described in the Memorandum and include forward looking statements. Projections do not include annual fees for maintaining single purpose entities that are the responsibility of each investor. There is no assurance, guaranty or certainty that the projected income, costs or other financial results will be achieved.**

## Offeror, Property Manager & BGK Group

Under a Confidential Private Placement Memorandum and Addendum dated September 30, 2007 (the "Memorandum"), BIG Orangewood Place Manager, LLC are offering tenancy-in-common (TIC) interests in the Property, and limited liability company units in an entity that will own a TIC interest. The offeror and the property management company are owned by BGK-Integrated Group, LLC, which is affiliated with the BGK Group of companies ("BGK"). Formed in 1991, BGK employs over 200 professionals and manages almost 18,000,000 square feet of commercial space. With over 2,500 investors, BGK has acquired more than 300 properties in more than 28 states. Well capitalized with over \$75 Million in cash and cash equivalents and over \$1 Billion in credit and mortgage facilities, BGK focuses on buying assets for below replacement cost in smaller markets. The TIC offeror will acquire at least a 2% interest in the Property and to better assure a timely closing, and will directly or indirectly acquire interests that are not sold to investors. The Property will continue to be operated by an experienced management team for a seamless transition in management with no "down time," or disruption of leasing/tenant relations. The TIC offeror has also arranged a \$300,000 credit facility for certain future leasing costs, if needed and approved by the tenants in common.

## Investment Objectives/Strategy

Our objective is to increase the Property's net operating income, while seeking appreciation as the local economy expands. That expansion is projected to tighten the office market, with higher rents and lower leasing costs. Priced below replacement cost, and given its size and location, we believe the Property is positioned to maintain a competitive edge in its marketplace. Management will seek to renew key tenant leases and seek new tenants as space becomes available. Management will also seek to recapture portions of the TFM Lease premises in order to enter into new leases with third party tenants at more favorable effective net rentals. A Property sale is projected in 7 to 10 years, and the following table reflects a projected sale in the 7th year. All financial information therein is based on the assumptions set out in the Memorandum and includes forward looking statements. There is no guaranty or certainty that the projected results will be achieved.

ESTIMATED RETURNS ASSUMING A SALE IN 7th YEAR AT 7.5% CAPITALIZATION RATE								
Full Fiscal Years	1	2	3	4	5	6	7	Total
Estimated Property NOI	\$1,134,159	\$1,123,316	\$1,146,337	\$1,244,649	\$1,223,972	\$1,187,320	\$1,310,892	\$8,370,645
Estimated Distributable Proceeds	\$363,812	\$366,392	\$368,972	\$371,553	\$374,133	\$381,873	\$387,034	\$2,613,770
Estimated Distribution per 1% Interest	\$3,712	\$3,739	\$3,765	\$3,791	\$3,818	\$3,897	\$3,949	\$26,671
Estimated Returns From Distributions	7.05%	7.10%	7.15%	7.20%	7.25%	7.40%	7.50%	7.24%
Gross Sales Proceeds								\$18,859,867
Net Sales Proceeds								\$8,782,119
Net Proceeds per 1% Interest								\$89,613
Return of Capital per 1% Interest								\$52,658
Remaining Sale Proceeds								\$36,956
Cumulative Cash Flow Distributions per 1% Interest								\$26,671
Total Distributions/Sales Proceeds in Excess of Invested Equity per 1%								\$63,627
Total Projected Return Including Equity								220.83%
Annualized, 7-Year Yield on Investment								17.26%

This material does not constitute an offer or a solicitation to purchase securities and is authorized for use only when accompanied or preceded by a definitive private placement memorandum and any addenda thereto (the "Memorandum"). The summary information set forth herein is qualified in its entirety by the Memorandum. All potential investors must read the Memorandum and no person may invest without acknowledging receipt and complete review of the Memorandum, including the "risk factor" sections therein. All information contained herein is subject to change. There are no guarantees that the property will be acquired. All potential investors should seek advice and recommendations from legal counsel and tax professionals before making investment decision. Information presented herein should not be construed as advice and should not be relied upon in making an investment decision. Past performance is not indicative of future results, and there is no assurance that future projects will achieve comparable results.