

ELIASON

1031 PROPERTIES



KNOXVILLE POINTE APARTMENTS

CLASS A APARTMENT HOME COMMUNITY
DUNLAP (PEORIA), ILLINOIS

- High Occupancy
- Area of Strong Population Growth
- Major Employers and Economic Expansion
- Covered by an Eliason Double-Layer Master Lease

INVESTMENT OPPORTUNITY

Knoxville Pointe is a quality 218-unit apartment community strategically located in a city whose dynamic expansion and economic diversity make it one of the best-kept secrets in the Midwest. Situated midway between Chicago and St. Louis, Peoria, Illinois is the largest community in Central Illinois. In 2006, the city ranked 67th in Inc Magazine's list of "Best Places," a measure of job creation and other signs that businesses are thriving. And in 2004, the city made Forbes Magazine's "Best Places" list as the number one most affordable U.S metropolitan area in which to do business. The area serves as the headquarters of Caterpillar, Inc., a Fortune 100 company and major employer. Its four hospitals have turned Peoria into a destination for healthcare and healthcare workers. That fact is borne out by strong demand for apartment homes like Knoxville Pointe, which currently enjoys 99+ percent occupancy with a waiting list of prospective renters. Meanwhile, the Peoria area continues to grow, with about \$1.2 billion in recent and current expansion. We believe Knoxville Pointe's current success, together with the strong economic outlook projected for the surrounding area, make it a unique and attractive opportunity for TIC investors.



PROPERTY DESCRIPTION

Address:	1700 W. Hickory Grove Rd. Dunlap, IL 61525
Number of Units:	218
Number of 1 Bedroom:	64
Number of 2 Bedroom:	154
Average Unit Size:	1,009 square feet
Net Rentable Area:	220,012 square feet
Land Area:	15 acres
Parking:	365 surface spaces (74 detached garages)
Occupancy:	99+% (as of 8/2007)



KNOXVILLE POINTE

CLASS A APARTMENT HOME COMMUNITY

THE PROPERTY

This nearly new property is comprised of thirteen two-story apartment buildings on 15 acres. It was completed in two phases, the first in 2001 and the second in 2005.

Knoxville Pointe's 218 units include spacious one-bedroom and two-bedroom (two-bathroom) layouts featuring washer and dryer connections, ample closets, fully furnished kitchens with dishwashers, vertical and mini blinds and large wooden decks or balconies. In addition there are 74 private garages for rental, as well as ample surface parking.

Community amenities include a state-of-the-art fitness facility, beautiful clubhouse, and sparkling outdoor swimming pool. There is controlled access to all buildings. The property's position on the edge of a 30-acre City of Peoria park not only provides easy access to outdoor recreation, but also affords the residents of Knoxville Pointe relaxing and picturesque surroundings that reflect the natural beauty of the area.

Knoxville Pointe's high quality and ideal location have helped the property outperform much of its competition. Thanks in part to the strong, stable economy of the growing Peoria area, the average occupancy rate for apartment complexes like this one is an impressive 97 percent (99+ percent for comparable Class A properties). Knoxville Pointe's 99+ percent occupancy and waiting

list are indicators that this property is among the most desirable apartment addresses in the area. We believe that, given the current and projected demand for apartment housing, and taking into account the rents of comparable locations, a conservative bump in Knoxville Pointe rents is feasible in the near future. This could further enhance the property's financial performance and its desirability as a TIC investment.

THE LOCATION

Knoxville Pointe is located in the burgeoning North Peoria submarket. Its Dunlap address puts it approximately eight miles north of downtown Peoria. Its easy access to major transportation routes such as I-74 and I-474 via IL Route 6 positions residents for convenient travel to downtown Peoria, Chicago, St. Louis, and areas throughout the Midwest.

Shopping is nearby and plentiful. Knoxville Pointe is just minutes from some of the area's most exciting retail growth. There are more than one million square feet of quality retail space currently open, under construction or in development here, including The Shoppes at Grand Prairie, which offer 500,000 square feet of new restaurants, retail stores, medical facilities and financial institutions.

Northwoods Mall recently completed its \$6.5 million renovation project, and a \$5 million renovation of the Westlake Shopping Center

has transformed it into an upscale shopping destination. In neighboring Peoria Heights, Heritage Square will feature a blend of specialty retail shops and restaurants and bring the flavor of New Orleans' famous French Quarter to the area.

But the area's healthy expansion is not limited to retail and office development. The local school system is also growing and expanding. Dunlap District 323 is planning a new middle school, with construction expected to be completed in 2008. The district also finished a \$12 million expansion to the high school and added classrooms to Banner Elementary.

THE METRO PEORIA MARKET

With a population of nearly 350,000, the greater Peoria area combines the advantages of a big city with the lifestyle of a small town. The city, positioned on the banks of the Illinois River, is centrally located, offering business travelers easy access to all points of the country. Greater Peoria Regional Airport offers direct flights to six hub cities in the U.S. through five airlines.

The growth of population and households in the area around Knoxville Pointe outpaces national averages. According to Claritas, a leading provider of demographic data, the population has grown 18.5 percent since 2000 and is expected to increase another

9.2 percent over the next five years. The number of households has grown nearly 22 percent since 2000 and Claritas predicts that number will increase by another 10.6 percent over the next five years. Claritas also indicates that the average family household income is \$112, 053.

Employment in the area is anchored by a perennial Fortune 100 company and bolstered by an exceptionally strong healthcare market. Caterpillar, Inc., number 55 on the Fortune 500 list, is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines. The company employs nearly 18,000 persons from the area. Healthcare accounts for a full 25 percent of the area's economy. In the heart of Peoria is Methodist Medical Center of Illinois, a 353-bed hospital with almost 600 board-certified physicians. Methodist recently announced a \$300 million expansion and modernization project. OSF Saint Francis Medical Center, a major teaching affiliate of the University of Illinois College of Medicine at Peoria, has a staff of more than 800 physicians and approximately 5,200 employees, making it the fourth largest medical center in the state of Illinois. In 2007, work is scheduled to begin on the Milestone Project, a \$234 million modernization project at the medical center's downtown campus that is expected to result



in the hiring of 1,000 additional employees. These hospitals, along with two others: Proctor Hospital, which employs more than 450 physicians and specialists, and Pekin Hospital, make Peoria a destination for healthcare services and healthcare workers.

Technology is another growing segment in Peoria. The city is home to the headquarters of eServ, a Perot Systems Company offering worldwide engineering support and employing approximately 450 employees locally. Peoria's commitment to attracting biotech companies resulted in the \$12 million Peoria NEXT Innovation Center, which will serve as a technology incubator for biotech start-ups.

In addition to investing in technology, Peoria continues to invest heavily in the redevelopment of its downtown area and Riverfront district, with new museums, restaurants, shops and other draws on the way. Paving the way for the success of this downtown renaissance is the recent completion of the \$500 million I-74 project, the largest road reconstruction project in downstate Illinois history, which has significantly improved access to the heart of the city. Among the big news in downtown Peoria is the \$65 million Museum Square project, a cultural campus combining the Peoria Riverfront Museum and the Caterpillar Visitor Center, which is scheduled to be completed by late 2009. The \$55 million expansion of the Peoria Civic Center is expected to add an additional 200,000 square feet.



When it comes to higher education, the arts, entertainment and culture, Peoria has a lot to offer. The city is home to Bradley University, which has a student population of approximately 20,000 and is in the midst of a \$100 million renovation and expansion to its campus. The Peoria-Pekin MSA is also home to Illinois Central College, which employs more than 1,000 employees, and to Robert Morris College. The \$32 million expansion of Glen Oak Zoo, which is slated to be completed in 2008, is expected to triple its size. Peoria also offers its residents a symphony orchestra, ballet, opera and multiple nearby venues for popular music and entertainment.



ELIASON MASTER LEASE

This property has the added benefit of being subject to a 10-year, Double-Layer Master Lease through Eliason Master Lease Corporation (EMLC). This arrangement provides the investor with enhanced protection and improved cash flow stability.

- Investors receive monthly contracted payments for ten years
- Even if a property experiences a short-term deficit, EMLC still ensures that the master lessee pays the investors the full contracted cash payment
- Property-level master lessee is responsible for all operating expenses, capital improvements and debt service
- In addition, EMLC provides corporate-level backing of all rent payments to TIC investors, to the extent of EMLC assets

PROJECTED CASH-ON-CASH YIELD	
Years 1-2:	6.50%
Years 3-5:	6.75%
Years 6:	7.00%
Years 7:	7.25%
Years 8:	7.50%
Years 9:	7.75%
Years 10:	8.00%



FINANCIAL HIGHLIGHTS	
Sales Price:	\$17,505,000
Equity Raise:	\$5,960,000
Debt:	\$11,545,000
Loan-to-Purchase Price:	65.95%
Minimum Investment:	\$178,800
<small>\$3,000 setup charge per investor in addition to investment. All other initial transaction fees and expenses paid by Eliason 1031 Properties Corporation. As with all investments, your SFE may be subject to state and federal taxes - Please consult your tax advisor for more information on how these may affect your investment in Knoxville Pointe.</small>	



CASH FLOW PROJECTIONS: (based on 3% interest of \$178,800 of equity)

Year	1	2	3	4	5	6	7	8	9	10	Total
Projected Cash-On-Cash Return	6.50%	6.50%	6.75%	6.75%	6.75%	7.00%	7.25%	7.50%	7.75%	8.00%	7.08%
Cash Distribution	\$11,622	\$11,622	\$12,069	\$12,069	\$12,069	\$12,516	\$12,963	\$13,410	\$13,857	\$14,304	\$126,501
Projected Cumulative Yearly Cash Flow											\$126,501
Projected Ending Equity											\$265,877
Projected Total											\$392,378
Projected Total Annualized Return (based on a 7.5% terminal cap rate)											10.0%
Projected Simple Return (based on a 7.5% terminal cap rate)											11.9%

These cash flow projections were created by the Sponsor and are based on a number of assumptions and real estate analysis techniques. The results are necessarily hypothetical; the underlying assumptions may not be accurate, the results shown may not occur and your performance could vary significantly. The material must be read in conjunction with the confidential Private Placement Memorandum (PPM), which contains additional important risk disclosures and more specific information about the assumptions made.

ABOUT ELIASON 1031 PROPERTIES

Eliason 1031 Properties is one of the nation's premier Tenant-in-Common Sponsors. We're part of Eliason, Inc., a real estate investment firm with a proven 40-year track record in commercial real estate acquisition, financing management and sales. Our geographically diverse portfolio comprises multifamily and retail properties with a fair market value of more than \$300 million. The portfolio includes approximately 3,500 multifamily units and more than 311,000 square feet of retail space.

CONTACT INFORMATION

*To learn more about this property
or to invest or conduct a 1031 Exchange into Knoxville Pointe,
please contact your local investment representative.*

Some of the information contained in this brochure was provided by third party sources. Although we believe the sources to be reliable, we cannot attest to the accuracy of their statements.

This brochure does not constitute an offer to sell any securities or a solicitation of an offer to purchase any securities.

The offering of interests in Knoxville Pointe includes substantial risks. Persons should not invest in the interests until they have reviewed the Confidential Private Offering Memorandum and exhibits thereto including "Risk Factors" therein.



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