

3100 River Exchange, LLC

AVAILABLE FOR \$1031 EXCHANGE & LLC INVESTMENT



Information about the property contained in this material must be read in conjunction with the Confidential Private Placement Memorandum, which contains additional important risk disclosures and more specific information about the property. This is neither an offer to sell nor a solicitation of an offer to buy an LLC interest in this property. Offers are made solely pursuant to the Confidential Private Placement Memorandum. Prospective investors should consult their own tax advisors to evaluate the tax consequences of an investment. The information in this material is current as of May 5, 2008.

THIS INVESTMENT IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK.

About 3100 RIVER EXCHANGE, LLC



Property Summary

3100 River Exchange is a 222-unit garden-style gated apartment community in the Atlanta suburb of Sandy Springs, Georgia and adjoins the preserved Chattahoochee River National Recreation Area. Built in 1997 on nearly 23 acres, the approximately 227,000-square-foot property consists of nine 3-story buildings and a two-story residential office and clubhouse. 3100 River Exchange offers a spacious average unit size of 1,021 square feet with walk-in closets, private balconies or sunrooms, full-size washer and dryers, and fully-equipped kitchens with breakfast bars. Community amenities include controlled access gates, a car care center, a heated resort-style swimming pool with volleyball net, a picnic area with grills, picnic tables and a gazebo swing, a clubhouse with a conference room, and a state-of-the-art fitness center. 3100 River Exchange offers 358 surface spaces and 40 single-car garages, resulting in a total parking ratio of 1.9 spaces per unit. The property is currently 95 percent occupied.

Address

3100 River Exchange Drive
Sandy Springs, GA 30092

Building Type

Multifamily

Year Built

1997

Total Square Foot

226,632

Percentage Occupied

95%

Amenities

- Property adjoins Chattahoochee River National Recreation Area
- Controlled access gates
- Sprinklered residential buildings
- Clubhouse with leasing office, resident business center, fireplace, TV area, conference room, kitchen and porches
- State-of-the-art fitness center
- Heated resort-style swimming pool with volleyball net
- Car care center
- Attached garages in 40 units
- Picnic area with grills, picnic tables and gazebo swing
- Central mail kiosk
- Central trash compactor

| <i>Unit Type</i> | <i>Unit Size in SQ. FT.</i> | <i>Number of Units</i> | <i>Average Market Rent Per Unit</i> |
|----------------------|-----------------------------|------------------------|-------------------------------------|
| 1 BD/1 BA | 696 | 68 | \$809 |
| 1 BD/1 BA | 843 | 16 | \$988 |
| 1 BD/1 BA | 843 | 8 | \$1,054 |
| 1 BD/1 BA | 952 | 12 | \$924 |
| 2 BD/2 BA | 1,140 | 36 | \$1,023 |
| 2 BD/2 BA | 1,140 | 20 | \$1,159 |
| 2 BD/2 BA | 1,259 | 12 | \$1,074 |
| 2 BD/2 BA | 1,259 | 4 | \$1,256 |
| 3 BD/2 BA | 1,384 | 38 | \$1,148 |
| 3 BD/2 BA | 1,384 | 8 | \$1,400 |
| Total/Average | 1,021 | 222 | \$1,005 |

Why ATLANTA, GEORGIA?

■ Location Information¹

Founded in 1837, Atlanta is the capital and most populous city in the state of Georgia. In the last decade, Atlanta has experienced unprecedented growth – the official city population remains steady at about 420,000, but the metropolitan population has skyrocketed nearly 40 percent to 5,138,223. With the addition of 890,000 residents since April 1, 2000, the Greater Atlanta area boasts the largest numerical gain of any metropolitan area in the United States during that time. A good measure of growth is the ever-changing downtown skyline, along with skyscrapers constructed in the Midtown, Buckhead, and outer perimeter (fringing I-285) business districts. Atlanta ranks fifth in the number of Fortune 500 companies headquartered in its metropolitan area.

1. Source: <http://money.cnn.com/magazines/fortune/fortune500/2008/cities>

2. REIS, MetroTrend Futures, Atlanta Apartment Market, 4Q 2007

3. U.S. Department of Labor, Bureau of Statistics

■ Apartment Market²

- According to REIS, the 2007 year end vacancy throughout the Atlanta apartment market was 8.0 percent, down from 8.3 percent one year earlier.
- The Sandy Springs/Dunwoody submarket is one of the strongest apartment markets in the Atlanta – Sandy Springs – Marietta metropolitan statistical area (MSA). According to REIS, with an inventory of approximately 23,227 units at year end 2007, the area has one of the lowest vacancy rates in Atlanta - 6.8 percent compared to 8.0 percent for the MSA.

■ Economic Trends³

- According to the U.S. Census Bureau, the Atlanta – Sandy Springs – Marietta MSA is estimated to be the ninth largest metropolitan area in the country as of July 1, 2007 with a population of approximately 5.3 million.
- Along with population growth, Atlanta's economy has seen strong job growth. The Bureau of Labor Statistics reports a net job growth of 52,700 from November 2006 to November 2007 with education and health services providing the biggest boost with 9,100 additional jobs.
- Sandy Springs is situated in one of Atlanta's most affluent submarkets, near the Central Perimeter. Within a one-mile radius of the property, the average household income is \$121,538, the estimated per capita income is \$48,540, and 88 percent of jobs are white collar.

See the Confidential Private Placement Memorandum for more information about this specific market. Opinions and estimates contained herein constitute the judgment of the source or the sponsor and are subject to change without notice, as are statements of market trends, which are based on current market conditions. We believe the information provided herein is reliable, but do not warrant its accuracy or completeness.



Why 3100 RIVER EXCHANGE, LLC?

Business Plan

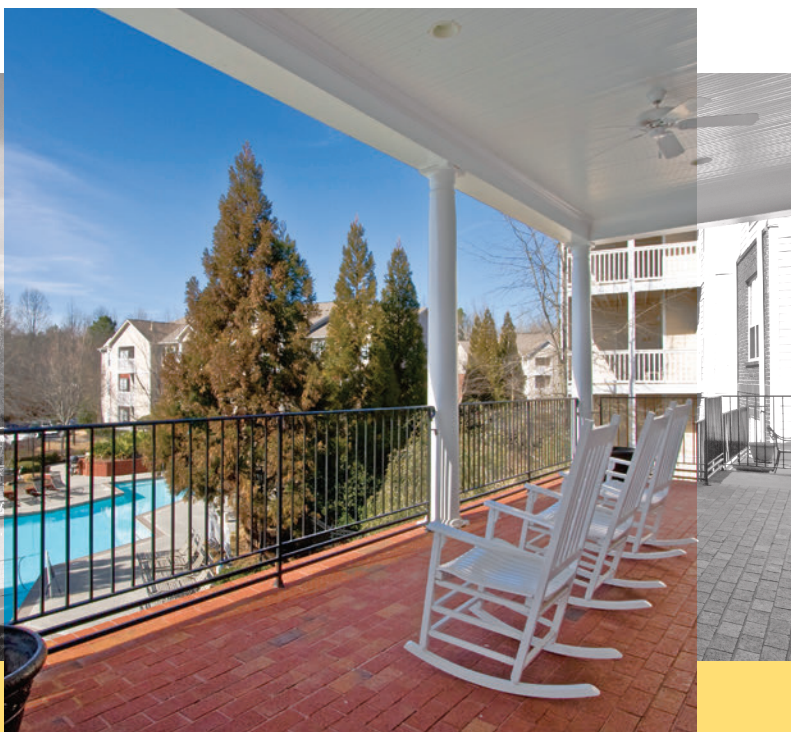
- Preserve the capital investment.
- Realize income through the acquisition, operation and sale of the property.
- Make monthly distributions, which may be partially tax-deferred as a result of depreciation and amortization expenses.
- Within approximately five years, profitably sell the property based on the value added through effective management and operation of the property.
- There is no guarantee that the business plan will be successfully executed, that the property's value will be enhanced, or that the property will be sold within the planned time period.

Points to Consider

- There can be no assurances that the property manager will be able to renew expiring leases or lease vacant spaces in the property.
- Competition from apartment communities in the surrounding geographic area could impact rental rates and the ultimate value of the property.
- There is no guarantee that the property will generate cash flow.
- Although the manager has contracted to purchase the property, no assurances can be given that the company will acquire the property.
- The property may require capital improvements that could negatively affect cash flow.

Property Highlights

- As of April 18, 2008, the property was approximately 95 percent occupied and the manager believes that occupancy rates will remain high during the holding period.
- The property was completed in 1997 and is in good condition. This will enable the manager to maximize rental income by performing minor upgrades to the unit interiors.
- The manager believes that as leases renew or turn, higher rents will be achieved due to the upgrades and market conditions, including favorable forecasted rental growth rates in the submarket.
- The property has 40 attached garages.
- The property is favorably located in Atlanta, an area with a population of approximately 5.6 million:
 - Close to Interstate 285 and Route 400;
 - Inside the newly formed city of Sandy Springs, which has one of the most sought-after school districts in the region;
 - Average household income within one mile is \$121,538; 2007 Estimated Per Capita Income within one mile is \$48,540;
 - Near the Perimeter Center, Atlanta's major suburban business district.



Financial Information

- **Offering Purchase Price:** \$29,295,000
- **Offering Price Per Unit:** \$131,959
- **Purchase Date:** 2nd Quarter 2008
- **Offering LTV:** 53.97%
- **Offering Price Cap Rate:** 5.77%
- **1st Year Cash Flow:** 6.08%
- **Loan Terms:** The loan is assumed to have an overall effective fixed interest rate of 5.550 percent, a three-year initial term with two one-year extension options. If either of the one-year extension options is exercised, the interest rate for each extension option will be fixed at the one-year interest rate swap plus 235 basis points at the time of extension. **The effective interest rate of 5.550 percent for the initial three-year term reflects a buy down of 30 basis points by paying a fee of 0.870 percent of the loan or \$137,580.**

Please see the Confidential Private Placement Memorandum for additional information and risk disclosures about investment in this property. This material has been prepared for informational purposes only; it is not intended to provide and should not be relied upon for accounting, legal or tax advice. Always remember that each property is unique and past performance is no guarantee of future results.

TIC Offering

- **Offering Size:** \$13,485,000
- **Price per 1% Ownership:** \$134,850 equity and \$158,100 assumed debt
- **Minimum Investment per SPE:** 3.00% = \$404,550 equity and \$474,300 assumed debt for a total purchase price of \$878,850
- **Suitability:** Accredited investors only

LLC Offering

- **Offering Size:** \$674,250
- **Price Per Unit:** \$5,000
- **Minimum Investment:** \$25,000
- **Suitability:** Accredited investors only



TIC Projected Annual Cash-on-Cash Yield

\$404,550 Investment Per SPE

| Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------|--------|--------|--------|--------|
| 6.08% | 6.23% | 6.25% | 6.36% | 6.38% |

LLC Projected Annual Cash-on-Cash Yield

\$25,000 Investment

| Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------|--------|--------|--------|--------|
| 6.08% | 6.23% | 6.25% | 6.36% | 6.38% |

Projected Annualized Returns

| Terminal Cap Rate | TIC Return | LLC Return |
|-------------------|------------|------------|
| 5.75% | 13.99% | 13.02% |
| 6.00% | 11.92% | 11.26% |
| 6.25% | 10.02% | 9.64% |
| 6.50% | 8.26% | 8.15% |
| 6.75% | 6.64% | 6.64% |

Terminal Cap Rate Sensitivity

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. This material must be read in conjunction with the Confidential Private Placement Memorandum, which contains additional important risk disclosures and more specific information about the assumptions made.

- Interests in this property are speculative and involve a high degree of risk; investors should be able to bear the complete loss of their investment.
- SOME INTERESTS ARE SUBJECT TO RECOURSE LIABILITY, i.e., tenants-in-common will be responsible for providing any cash needed in the future in connection with the property.
- There are restrictions in transferring interests; the interests are not liquid investments.
- There are a number of significant tax risks and tax issues involved with the purchase of an interest in this property; investors should consult their own tax advisors and legal counsel.
- The direct or indirect purchase of real property involves significant risks, including market risk and risks specific to a given property.
- The purchase of real property with other investors, e.g., as a tenant-in-common, presents risks related to the relationship with those other investors.
- Investment in this property is expected to be leveraged; leverage may increase volatility and may increase the risk of investment loss.
- The manager has broad authority and discretion over the property and the terms of financing; the various fees paid to the manager and its affiliates are significant and may offset profits related to the ownership and operation of the real estate.
- Cash distributed to you may constitute a return of your own capital and may be paid from proceeds of the offering, e.g., reserves.

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*Prior performance is not an indication of future results. The projections and the anticipated rate of return are only for TIC/1031 investors and LLC investors and are estimates based on the specific assumptions more fully described in the Private Placement Memorandum (PPM) and any supplements accompanying the PPM. There is no guarantee that the assumptions used in the projection will be achieved. Please review the entire PPM as supplemented prior to investing. This material does not constitute an offer and is authorized for use only when accompanied or preceded by a 3100 River Exchange, LLC PPM dated May 5, 2008. Reference is made to the PPM for a statement of risks and terms of the offering. The information set forth herein is qualified in its entirety by

■ Grubb & Ellis Realty Investors, LLC

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