

# 7207 Snowden Road, 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 August 7, 2008.

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



## Property Summary

7207 Snowden Road is a 426-unit garden-style apartment community in San Antonio, Texas. The approximately 16-acre property consists of 30 three-story residential buildings, a leasing/fitness center and a cabana clubroom. Built in three phases during 1984, 1985, and 1987, 7207 Snowden Road offers tenants a healthy parking supply with 629 surface spaces, which results in a 1.48 parking ratio. Community amenities include a sand volleyball court, indoor pool, jacuzzi, sauna, and a fitness center with private men's and women's locker rooms. Individual apartment units feature wood burning fireplaces, French doors, linen closets, ceiling fans, washer/dryer connections, walk-in closets, and private balconies/patios. Select units feature skylights, studies, built-in bookshelves and elevator access. The net rentable area of the property is nearly 304,000 square feet, with an average unit size of 712 square feet. The property is currently 91 percent occupied.

<b>Address</b>	7207 Snowden Road San Antonio, TX 78240
<b>Building Type</b>	Multifamily
<b>Year Built</b>	1984, 1985 and 1987
<b>Total Square Foot</b>	303,480
<b>Percentage Occupied</b>	91%

## Unit Amenities

- Fully-equipped all electric kitchens with frost-free refrigerators, double stainless sinks, pantries and serving bars
- Separate dining areas
- Vaulted ceilings\*
- Wood burning fireplaces
- Ceiling fans
- Full-size or stackable washer/dryer connections
- Walk-in closets
- Bedrooms with studies\*
- Skylights\*
- Built-in bookshelves\*
- Linen closets
- French doors
- Private patios or balconies with outdoor storage

## Community Amenities

- Leasing Center
- Indoor pool and fitness center with private men's and women's locker rooms with showers, sauna and jacuzzi
- Cabana clubhouse
- Sand volleyball court
- Elevator access\*

\*Select Units

Unit Type	Unit Size in SQ. FT.	Number of Units	Average Market Rent Per Unit
1BR/1BA	600	60	\$570
1BR/1BA	620	28	\$561
1BR/1BA	622	120	\$595
1BR/1BA	700	72	\$630
1BR/1BA	780	75	\$685
2BD/2BA	890	27	\$760
2BD/2BA	935	14	\$839
2BD/2BA	982	30	\$814
<b>Total/Average</b>	<b>712</b>	<b>426</b>	<b>\$645</b>

## Location Information<sup>1</sup>

San Antonio is the second most populous city in Texas and the seventh most populous city in the United States. Named for the Saint Anthony of Padua, the city was founded in 1718 when a Spanish expedition from Mexico established a mission that would later be known as the Alamo. San Antonio has a diversified economy with four primary focuses: financial services, healthcare, national defense, and tourism. San Antonio is also the industrial, commercial, and financial center of a large agricultural area, with a leading livestock center and one of the largest produce exchange markets in the nation.

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

2. Reis, MetroTrend Futures, San Antonio Apartment Market, 1Q 2008

*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.*

## Apartment Market<sup>2</sup>

- According to the Reis Observer report published April 4, 2008, "the fluid 139,134-unit San Antonio apartment market continues to be strong and balanced, with low construction costs and plenty of available land. New supply and rapid population growth provide steady demand, any imbalances are corrected quickly."
- The property is located in the Far Northwest submarket, which is expected to have an estimated vacancy rate of 5.1 percent as of first quarter of 2008 compared to 6.9 percent for the market overall.

## Economic Trends<sup>2</sup>

- For the past five years San Antonio Metropolitan Statistical Area's population increased by approximately 41,000 people or 2 percent per year on average, and Reis forecasts this rate of growth to continue through 2012.
- Following employment growth of 4 percent in 2005, 3.5 percent in 2006, and 2.3 percent in 2007 as reported by Reis, Economy.com predicts employment growth of 2.2 percent in 2008 followed by average annual employment growth of 2.4 percent between 2009 and 2012.
- San Antonio's growing workforce and low cost of living have attracted new firms to locate operations there. For instance, Toyota built a \$850 manufacturing plant there, and firms such as Lowe's, Microsoft, and the National Security Agency are establishing data centers in San Antonio that will represent an aggregate investment of approximately \$1 billion.



# Why 7207 SNOWDEN ROAD, 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.
- The property may require capital improvements that could negatively affect cash flow.
- 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.

## Property Highlights

- As of July 18, 2008, the property was approximately 91 percent occupied and the manager believes that occupancy rates will remain stable during the holding period.
- The manager has set aside \$2,700,000 with the lender for repairs, maintenance and completion of interior and exterior upgrades.
- The manager believes that as leases renew or turn, higher rents will be achieved due to budgeted upgrades to the property's interiors, exteriors and amenities, making it more competitive in the submarket.
- The South Texas Medical Center is less than one mile from the property. With a campus that spans more than 900 acres, the South Texas Medical Center is a conglomerate of 12 major hospitals, 45 clinics, three higher education institutions (including the University of Texas Health & Science Center), and a number of research centers. With 4.4 million outpatient visitors in 2006, the South Texas Medical Center supports an employment base more than 26,750 people.
- The property is favorably located in San Antonio, an area with a population of approximately 1.3 million, and accessible to Interstate 10 and loop 410.



## Financial Information

- **Offering Purchase Price:** \$24,710,000
- **Offering Price Per Unit:** \$58,005
- **Purchase Date:** 3rd Quarter 2008
- **Offering LTV:** 49.98%
- **Offering Price Cap Rate:** 6.14%
- **1st Year Cash Flow:** 6.11%
- **Loan Terms:** The loan will have an overall effective fixed interest rate of 6.164 percent, a three-year initial term with two one-year extensions. The interest rate for each extension option to be fixed at the one-year interest rate swap plus 235 basis points at the time of extension. **The effective interest rate of 6.164 percent reflects a buy down of 27 basis points by paying a fee of 0.796 percent of the loan or \$98,307.**

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:** \$12,360,000
- **Price per 1% Ownership:** \$123,600 equity and \$123,500 assumed debt
- **Minimum Investment per SPE:** 3.00% = \$370,800 equity and \$370,500 assumed debt for a total purchase price of \$741,300
- **Suitability:** Accredited investors only

## LLC Offering

- **Offering Size:** \$618,000
- **Price Per Unit:** \$5,000
- **Minimum Investment:** \$25,000
- **Suitability:** Accredited investors only



## TIC Projected Annual Cash-on-Cash Yield

### \$370,800 Investment Per SPE

Year 1	Year 2	Year 3	Year 4	Year 5
6.11%	6.38%	6.62%	7.00%	7.38%

## LLC Projected Annual Cash-on-Cash Yield

### \$25,000 Investment

Year 1	Year 2	Year 3	Year 4	Year 5
6.11%	6.38%	6.62%	7.00%	7.38%

## Projected Annualized Returns

Terminal Cap Rate	TIC Return	LLC Return
6.75%	13.16%	12.31%
7.00%	11.53%	10.93%
7.25%	10.02%	9.64%
7.50%	8.61%	8.44%
7.75%	7.29%	7.29%

### 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 7207 Snowden, LLC PPM dated August 7, 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 the PPM. All potential investors must read the PPM and no person may invest without acknowledging receipt and complete review of the PPM.

## Grubb & Ellis Realty Investors, LLC

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