

# NNN Engineering Drive, 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 June 11, 2007.

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



## Property Summary

Engineering Drive is a four-story office building totaling approximately 99,000 square feet in the Atlanta suburb of Norcross, Georgia. Located in the Technology Business Park of Peachtree Corners, the Property offers convenient access to Atlanta's major northeast thoroughfares, including I-285, I-85, GA-400 and Peachtree Industrial Boulevard. Engineering Drive is 100 percent leased with an existing rent roll that is fully stabilized with staggered lease expirations. The Property is leased to numerous global, national and local companies, a number of which specialize in financial services, information technology, general contracting, legal and insurance industries. The major tenants are Fair Isaac Corporation and Novasoft Information Technology Corporation.

## Property Information

- Address: 3550 Engineering Drive  
Norcross, Georgia 30092
- Building Type: Office
- Year Built: 1998
- Total SF: 99,110
- % Leased: 100%

## Financial Information

- Offering Purchase Price: \$22,898,000
- Offering Price Per SF: \$231.04
- Purchase Date: 2nd Quarter, 2007
- Offering LTV: 58.73%
- Offering Price Cap Rate: 5.93%
- 1st Year Cash Flow: 6.20%
- Loan Terms: The loan is assumed to have an overall fixed effective interest rate of approximately 6.05%, a ten-year term and will be interest only for five years of the ten-year term of the Loan. **The effective interest rate of 6.05% reflects a buy down of 15 basis points by paying fee of 1.0% of the Loan or \$134,480.**

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.

## Major Tenants (8 Total Tenants)

### **Fair Isaac Corporation**

*Sq. Ft.: 46,873 Lease Exp.: 2/2018\**

Fair Isaac is a leading provider of decision management solutions powered by advanced analytics. Fair Isaac solutions make mission-critical business decisions that are precise, consistent and agile. Thousands of companies in more than 80 countries use Fair Isaac technology to acquire customers more efficiently, increase customer value and retention, reduce fraud and credit losses, lower operating costs and enter new markets more profitably. Fair Isaac was ranked as the 2006 worldwide revenue leader in the Business Rules Management Systems software market by International Data Corporation. Today, Fair Isaac's solutions, software and consulting services power more than 180 billion smarter business decisions each year for companies worldwide. Fair Isaac clients include: nine of the top ten companies in the Fortune 500, 99 of the top 100 United States banks and half of the top 50 banks in the world, nine of the top ten United Kingdom banks, and more than 400 personal and commercial lines insurers in North America and Europe. **\*Option to terminate on January 14, 2014 by providing written notice and payment of a termination penalty of \$918,918.**

### **Novasoft Information Technology Corporation**

*Sq. Ft.: 25,544 Lease Exp.: 2/2018\**

Novasoft Information Technology Corporation ("Novasoft") provides full service consulting and outsourcing services to the financial and mortgage lending industries. Products offered by Novasoft include software for mortgage lenders and back office operations services for mortgage lenders and brokers. Novasoft was founded in 1993 and is headquartered in Conshohocken, Pennsylvania. Novasoft has offices in Bethlehem, Pennsylvania, Des Moines, Iowa, Pleasanton, California and at the Property. Novasoft owns a controlling interest in MortgageHub, a pioneer of web service platforms in the mortgage lending industry. In early 2007, through an affiliate, Novasoft acquired additional key assets and products of MortgageHub from Fair Isaac Corporation. **\*Option to terminate on January 14, 2014 by providing written notice and payment of a termination penalty of \$514,404.**





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

Founded in 1837, Atlanta is the capitol 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 third in the number of Fortune 500 companies headquartered in its metropolitan area, behind only New York and Houston.

1. Sources: U.S. Bureau of the Census. 50 Fastest-Growing Metro Areas Concentrated in West and South, (2007) and the Official Website for the City of Atlanta, GA.

*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.*

## Office Market

- Rental rates grew by \$0.27 metro wide to finish the first quarter at \$20.39 per rentable square foot, their highest levels since the third quarter of 2003.<sup>1</sup>
- Atlanta posted more than a quarter of a million square feet of net occupancy gains in the first quarter with 284,317 square feet of absorption sustaining a string of 14 quarters of occupancy growth.<sup>1</sup>
- Torto Wheaton forecasts 5% rent growth annually for the next 5 years in the Atlanta Metropolitan office market.<sup>2</sup>

## Economic Trends

- The Georgia State University Economic Forecasting Center projects 65,000 new jobs for Georgia in 2007, 97,600 in 2008 and 94,500 in 2009.<sup>1</sup>
- The Bureau of Labor Statistics reports an unemployment rate of 3.9% for the Atlanta MSA as of March 2007, a decrease from 4.5% a year earlier.<sup>3</sup>

1. CB Richard Ellis, Atlanta Office Marketview, 1Q 2007

2. Torto Wheaton Research, Overview & Outlook, National Office – Spring 2007

3. REIS, Office Asset Advisor, “Metro: Atlanta,” 1Q 2007





### TIC Offering

- Offering Size: \$9,450,000
- Price Per 1% Ownership: \$94,500 equity and \$134,480 assumed debt
- Minimum Investment per SPE: 3.00% = \$283,500 equity and \$403,440 assumed debt for a total purchase price of \$686,940
- Suitability: Accredited Investors Only

### LLC Offering

- Offering Size: \$472,500
- Price Per Unit: \$5,000
- Minimum Investment: \$25,000
- Suitability: Accredited Investors Only

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.

### Property Strengths

- The Property is an institutional quality, Class A multi-tenant office property constructed in 1998.
- The diversified tenant mix includes well-known national and local businesses.
- The Property is currently outperforming the market at a fully stable 100% occupancy level and has averaged over 85% over the past several years.
- The affluent community surrounding the Property is led by exceptional demographics with its superb area amenities, exclusive executive housing and a high concentration of country clubs.
- The Property provides excellent access to major arterials in Gwinnett County's I-85 corridor, including Northeast Atlanta's main thoroughfares of I-285, I-85, GA-400, GA-141, and Peachtree Industrial Boulevard.
- The Property is also situated in the heart of Technology Park/Atlanta, metro Atlanta's first successful office/research and development center.

### 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 eight 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.**
- **The Property is largely dependent on two tenants, which collectively lease 73% of the Property.**
- **At least one tenant, Novasoft, relies in part on the residential mortgage industry for their business operations, which has been affected by a soft residential housing market.**
- **A high vacancy rate of approximately 19.8% in the Peachtree Corners office submarket of Atlanta, Georgia could cause aggressive competition for new and renewal tenants at the Property.**
- **Unless extended by the tenants, the leases representing approximately 27% of the Property will expire within the next five calendar years. In addition, the leases representing approximately 73% of the Property contain early termination options.**

#### TIC Projected Annual Cash-on-Cash Yield

\$283,500 Investment Per SPE

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
6.20%	6.25%	6.33%	6.50%	6.74%	6.75%	7.32%	7.44%

#### LLC Projected Annual Cash-on-Cash Yield

\$25,000 Investment

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
6.20%	6.25%	6.33%	6.50%	6.74%	6.75%	7.32%	7.44%

#### Projected Annualized Returns

Terminal Cap Rate	TIC Return	LLC Return
6.75%	12.62%	11.85%
7.00%	11.35%	10.78%
7.25%	10.18%	9.78%
7.50%	9.09%	8.85%
7.75%	8.06%	7.98%

Terminal Cap Rate Sensitivity

- 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.

Triple Net Properties, LLC has time-tested experience in real estate syndications, acquisitions, development, construction, leasing and property management. Triple Net currently manages a growing portfolio of over 35 million square feet of property in 28 states valued at more than \$4.7 billion. Although past performance is no guarantee of future results, Triple Net Properties, LLC has an unparalleled track record and has acquired 256 properties to date. Triple Net and affiliates have sold 93 properties for over \$2.1 billion since 2000.

\* 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 NNN Engineering Drive, LLC PPM dated, June 11, 2007. 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.



Triple Net Properties, LLC is a wholly-owned subsidiary of NNN Realty Advisors, Inc., a nationwide commercial real estate asset management and services firm.

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