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 Real Estate Investment Specialists

## MARKET OVERVIEW

Hurst, Euless and Bedford are the three central suburbs of the Dallas/Fort Worth Metroplex. Commonly referred to as HEB, the region offers a central location adjacent to Dallas/Fort Worth (DFW) International Airport, 20 minutes east of the central business district in Fort Worth, and 25 minutes west of the Dallas central business district. The HEB office market lies between State Highway 360 on the east and US Highway 377 on the west. State Highway 183 is the east/west center-line of the submarket and fuses the cities of Dallas and Fort Worth into the Metroplex. The office market houses 4.8 million square feet of buildings, nearly two-thirds of which is Class B space.



With an even distribution of occupational disciplines, the HEB office market tends to be one of the most stable and consistent office markets in the DFW Metroplex.

With a flurry of recent activity, the HEB submarket reported a positive absorption of 176,000 square feet in the first quarter, 2006, of which 149,000 square feet was in Class A space. The overall submarket reported a direct vacancy of 17.4% with Class A vacancy reported at 12% and Class A vacancy with 50,000 SF floorplates and parking of 5 spaces per 1,000 SF (similar to 121 Airport) of only 5%.

With no new space under construction and a very small amount of Class A space the HEB submarket is expected to continue its pattern of stable to moderate rent growth. At the end of first quarter 2006, Class A asking rates were quoted at \$17.50 psf full service.

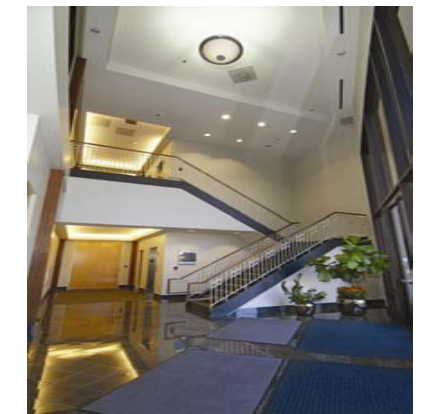
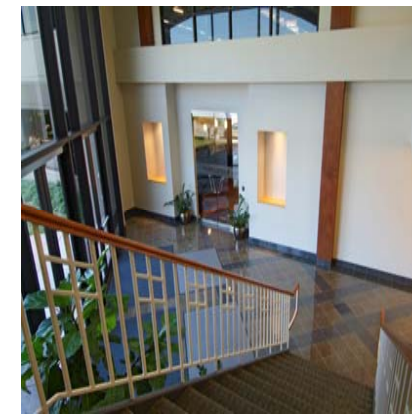
The HEB submarket historically experiences a considerable amount of absorption from companies seeking close proximity to DFW International Airport and those who want to avoid the higher price point of Las Colinas office space. These factors should result in increased market occupancy and a rise in rates as more users discover the benefits of this central Metroplex location.

### SUMMARY OF CLASS A OFFICE MARKET INDICATORS – Fort Worth-Arlington Submarket Area

Submarket	June 2006				Net Absorption (SF)			
	# of Bldg	Total Rentable SF	Total Vacancy SF	Vacancy Rate	2003	2004	2005	YTD 2006
Fort Worth CBD	10	5,628,405	208,251	1.1%	(49,000)	1,234,000	264,000	(12,000)
NW Fort Worth	0	0	0					
Alliance Air /Fossil Creek	2	306,000	33,048	10.8%	N/A	N/A	230,000	(10,000)
Westlake/Grapevine	15	2,982,786	196,864	6.6%	(26,000)	62,000	(39,000)	385,000
<b>Hurst/Euless/Bedford</b>	<b>5</b>	<b>596,819</b>	<b>95,491</b>	<b>12.1%</b>	<b>(7,000)</b>		<b>(21,000)</b>	<b>149,000</b>
Northeast Fort Worth	2	169,531	34,415	20.3%	7,000	51,000	(33,000)	17,000
Arlington	11	1,501,698	273,309	16.0%	(24,000)	14,000	91,000	(106,000)
Southeast Fort Worth	1	541,630	0	0				
Southwest Fort Worth	6	878,694	75,568	8.6%	30,000	8,000	15,000	(15,000)
<b>TOTAL -Fort Worth</b>	<b>52</b>	<b>12,605,563</b>	<b>916,945</b>	<b>5.7%</b>	<b>354,000</b>	<b>1,477,000</b>	<b>507,000</b>	<b>408,000</b>

Source: Delta Associates analysis of CoStar data; June 2006

## INVESTMENT SUMMARY: 121 AIRPORT CENTRE I & II



121 Airport Centre I & II, Bedford, Texas

KEY INVESTMENT CRITERIA	
<b>PROPERTY</b>	
INVESTMENT NAME:	121 Airport Centre I & II
LOCATION:	2200—2208 Highway 121 Bedford, TX
PROPERTY TYPE:	Multi-Tenant Office
RENTABLE SQUARE FEET:	251,168
OCCUPANCY:	90%
YEAR BUILT:	2000—2001
BUILDING CLASSIFICATION:	Class A
<b>LOAN</b>	
MORTGAGE AMOUNT:	\$26,900,000
TERM:	10 year
AMORTIZATION:	Interest only years 1 – 3, then amortizes on 30 year schedule
RATE:	6.13%
<b>OFFERING</b>	
STRUCTURE:	Property Management Pass Thru
EQUITY OFFERING AMOUNT:	\$16,874,000
MINIMUM EQUITY INVESTMENT:	\$506,220
LOAN TO OFFERING PRICE	61.45%
<b>SUMMARY OF PROJECTIONS</b>	
HOLD PERIOD:	10 years
INVESTOR CASHFLOW (year one):	7.04%
AVERAGE YIELD OVER HOLD:	7.94%
PROJECTED IRR	10.35%

### OFFERING SUMMARY

Principle Equity Management (PEM) is offering accredited investors the opportunity to purchase LLC interests in 121 Airport Centre I & II. The asset includes two Class A two story multi-tenant office buildings totaling 251,168 net square feet, located on 18.35 acres in Bedford, Texas a suburb of the Dallas/Fort Worth Metroplex. This offering provides an opportunity for investors to acquire an institutional quality asset leased entirely by five national credit tenants. 121 Airport Centre is currently 90% leased.

- ◇ Internationally recognized tenants: CitiFinancial (a member of Citigroup); State Farm Mutual Automobile Insurance Company; Warrantech; Lanier Worldwide (a subsidiary of Ricoh Company)
- ◇ Long term tenancy, 80% of the complex is leased through 2010. Only 6,797 sf (2.7%) of tenant rollover prior to 9/09.
- ◇ Buildings were recently constructed in 2000 and 2001.
- ◇ Very attractive 6:1,000 sf parking ratio. Currently, the occupancy rate for Class A assets with parking ratios greater than 4:1,000 in this submarket is greater than 95%.
- ◇ Large floor-plates with ability to subdivide.
- ◇ Annual bumps in rent and 100% electrical expense pass throughs provide cash flow growth opportunity.

This material does not constitute an offer to sell or a solicitation of an offer to purchase securities and is only authorized for use when accompanied or preceded by 121 Airport Centre Placement Memorandum (PPM). One may not rely on the information presented herewith for investment purposes. The information herein is qualified entirely by the PPM. All potential investors must be "accredited investors" under the federal securities laws, must read the PPM and acknowledge receipt and review of PPM.

