

Executive Summary

Property Address:	10100 North Central Expressway Dallas, TX 75231
Property Type:	Multi-tenant Office
Square Footage:	93,636 square feet
Real Estate Price:	\$11,075,000
Syndication Price:	\$13,950,000

Dallas Overview

The Dallas / Fort Worth MSA has become one of the top 5 largest metropolitan areas in the country with more than 5.8 million residents. The area's growth for 2006 registered 2.2% which outpaced the national average of 0.9%. The latest census projects Dallas to grow to more than 6.5 million residents by 2010 and 7.9 million by 2020. The Dallas employment market has demonstrated equally impressive growth. Employment growth through November 2006 was approximately 2.3% which provided 65,000 new jobs. With the professional and construction sectors leading the way, DFW is expected to continue to outpace the national job growth average of 1.5% in 2007 by at least 100 basis points.¹

Dallas' centralized location and unparalleled transportation network are two major reasons the area is home to more than 10,000 corporate headquarters (including National Resort Management Company's location at 10100 N. Central Expressway). Dallas also boasts one of the country's lowest costs of business and a pro-business government. The DFW area is home to more than twenty-two Fortune 500 headquarters including Exxon Mobil, Electronic Data Systems, Fluor, Kimberly-Clark, J.C. Penney, and Texas Instruments. Dallas ranks fifth in the nation among cities for Fortune 500 headquarters. In addition, the Dallas Fort Worth area is home to another twenty-one Fortune 1000 company headquarters and eleven of the Forbes top 500 private companies.

DFW Real Estate Market

The overall DFW office market is the 8th largest in the United States comprising more than 237 million square feet among 1,734 single and multi-tenant buildings. Net absorption in 2006 totaled more than 3.8 million square feet which topped the 3.5 million square feet absorbed in 2005. The table below lists statistics for the DFW market for 2006.²

Dallas/Fort Worth Office Market Statistics – Year End 2006						
Building Class	Properties	Existing Space	Vacant SF	% Vacant	Net Absorption	Avg. Asking Rate
A	377	109,872,455	14,672,292	13.4%	3,188,485	\$21.38
B	1166	112,902,360	21,557,241	19.1%	754,835	\$16.24
C	191	15,072,628	1,770,264	11.7%	(110,447)	\$14.11
Total	1734	237,847,443	37,999,797	15.9%	3,832,873	\$18.28

¹ Property & Portfolio Research (PPR)

² CBRE

North Central Expressway

10100 N. Central Expressway is prominently located on North Central Expressway, also known as Interstate Highway 75, one of Dallas' main north – south thoroughfares. The Property is approximately eight miles north of Dallas' Central Business District. The Expressway has recently completed two major improvement projects. The highway was completely renovated and widened in 1999 in a \$600 million project that took several years to complete. In 2005, the “High Five” project was completed which linked North Central Expressway to one of the city's main east-west highways, the LBJ Freeway (also known as Interstate Highway 635). The primary purpose of the project was to replace the existing three-level partial cloverleaf with a five-level, fully directional interchange. The constant construction during these time periods had a negative effect on the N. Central Expressway's office market during the late 1990s. However, the completion of the projects and the improvements now serve as a catalyst for growth along North Central Expressway.

In addition to excellent highway access, the Property enjoys proximity to both Love Field airport and Dallas Fort Worth International airport. Love Field is approximately a ten minute drive and is home to Southwest Airlines. Dallas Fort Worth International airport is the world's third busiest airport and is an easy twenty minute drive from 10100 North Central Expressway. The Dallas Area Rapid Transit (DART) has also constructed a light rail line that has one of its busiest stations located a few blocks from the Property. According to a study by University of Texas Center for Economic Development and Research, property values of buildings near DART rail stations are statistically higher than similar properties not served by DART. In tenant interviews with the Property's two largest tenants, Perkins & Will and National Resort Management, both mentioned proximity to DART as part of their decision making for choosing their real estate location.

Area Landmarks and Development

10100 North Central Expressway is close to several well known and successful North Dallas landmarks including:

- NorthPark Center Mall – Texas' largest retail mall is located approximately 1.25 miles south of 10100 North Central Expressway. The Mall is anchored by Nieman Marcus, Nordstrom and J.C. Penney and features more than 2.35 million square feet of retail space. NorthPark Center recently added 110 stores in approximately 260,000 square feet of space, two new parking garages and an AMC 15 Theater. Annual revenues for NorthPark Center are estimated at \$1 billion.
- Presbyterian Hospital of Dallas – a 900 bed hospital located a couple of blocks southeast of the Property. The Presbyterian Healthcare System is one of the largest in Dallas. The Hospital has more than 1,200 physicians on staff and offers a full range of care including services for cancer, cardiovascular problems, senior care and women's services.

- Medical City – a dense medical building campus located a few miles north of 10100 North Central Expressway. Medical City employs approximately 2,000 people and has a wide variety of health care resources. Medical City attracts patients from across the Dallas’ area and serves as a catalyst for a number of medical related businesses in the area.
- Mockingbird Station – a 10-acre, \$100 million mixed use project located four miles south of the Property. Mockingbird Station opened in 2001 and is widely considered the market standard for high quality blended use development.
- Park Cities Neighborhood – Highland Park and University Park are two of Dallas wealthiest residential neighborhoods located ten minutes from the Property. This area boasts a median income of \$163,000. 10100 North Central Expressway provides an affordable office location for Park Cities' residents that is easy to reach and avoids the long drive to downtown Dallas and the congestion of nearby Preston Center.

Bolstered by the infrastructure improvements along North Central Expressway over the last eight years, several major retail and residential projects are underway or have been announced, including:

- Park Lane Place – located 1.25 miles south of the Property (directly across the highway from NorthPark Center Mall). The 33 acre project broke ground in January and is expected to contain 550,000 square feet of retail anchored by a Whole Foods store. In addition, the project will include 315 upscale apartments, 50 high-rise condominium units, a 201 room hotel and multiple parking garages. The combination of Park Lane Place and NorthPark Center signals that North Central Expressway has become a major destination retail location.
- Walnut Hill Redevelopment – located directly across North Central Expressway from the Property. The Red Sea Group and Provident Realty Advisors have proposed redevelopment of 42 acres of older apartments. Plans call for new town homes, apartment communities, retail shops and restaurants.
- Vickery Meadow Redevelopment – an 82 acre site located directly behind the Property and encircling nearby Presbyterian Hospital. Valencia Development is planning the demolition of several existing apartment communities and construction of more than 3,800 residential units and several hundred thousand square feet of medical office space. Valencia has begun demolition of several banks of apartments.

North Central Expressway Real Estate Market

According to CBRE, North Central Expressway had an overall occupancy rate of 83.6% in 2006. Average asking rental rates for the area were approximately \$18.38 per square foot. Despite the loss of more than 145,000 square feet from one tenant (Unitrin) consolidating to another location, the submarket still experienced positive absorption. The only office building delivered in 2006 was a medical office building of about 106,000 square feet. No other office buildings are under construction.

Central Expressway Office Market Statistics – Year End 2006						
Building Class	# of Projects	Existing Space	Vacancy	Occupancy	2006 Net Absorption	Rental Rates
A	17	6,057,981	17.9%	82.1%	(48,728)	\$20.52
B	53	6,269,311	14.9%	85.1%	60,103	\$17.90
C	5	389,799	15.5%	84.5%	(7447)	\$14.09
Total	75	12,717,091	16.4%	83.6%	3,928	\$18.38

Anchor Tenants

Perkins & Will is a 70-year old international architectural firm that provides a wide array of architectural and interior design services. The privately-held firm is headquartered in Chicago, Illinois, with 18 North American offices and two international offices. The company specializes in the following fields: healthcare, education (higher education and K-12), corporate and commercial projects, and government projects. Perkins & Will is considered among the nation's most respected design firms and has received the distinction of the American Institute of Architects (AIA) Firm of the Year award.

10100 North Central Expressway serves as the firm's Texas headquarters.

Approximately 300 associates work at this location which is also in charge of the firm's smaller Houston office. The Dallas office is considered to be one of the company's most profitable outfits and contributed more than 25% of the firm's profits in 2006. The Dallas office has worked on some very prominent projects in the Dallas area, including several projects for Presbyterian and Baylor Hospitals. Perkins and Will lease 29,844 square feet on floors three and four through September 2016. The leased premises are being considered for LEEDS Certification Silver Quality Recognition as an energy efficient, "green" or environmentally friendly space. The firm also leases two small blocks of space on the first floor (1,776 square feet) and fourth floor (3,005 square feet) through April 2008. For more information on the tenant, please visit their website: www.perkinswill.com.

National Resort Management, a wholly-owned subsidiary of Double Diamond, Incorporated, is a privately-held firm which manages, markets, constructs and acquires upscale resorts with a core expertise in golf-related properties. National Resort and Double Diamond are headquartered at 10100 North Central Expressway and enjoy coveted signage on the top spandrel of the building which provides excellent visibility along the Expressway. The company has experience with extensive renovation projects,

major capital improvement projects and hosting successful international championship events. Projects managed include restoration of the historic Pinehurst Holly Inn, the development and construction of the \$13 million Spa at Pinehurst, the 150-room hotel expansion at Barton Creek, and the construction of Pine wild Country Club in Pinehurst, North Carolina. Through Double Diamond, the company manages the following projects:

- EagleRock Resort – rated 4 stars by Golf Digest located on 6,000 acres in Blue Mountains, PA.
- The Cliffs Resort – rated 4.5 stars by Golf Digest located on 1,000 acres in Possum Kingdom Lake, TX.
- The Retreat – a private golf community located in Cleburne, TX near Fort Worth, TX.
- White Bluffs Resort – a master planned 3,400 acre community located along the shores of Lake Whitney, TX.
- Rock Creek – located on Lake Texoma, TX and scheduled to open in the second quarter of 2007.

National Resort Management has been a tenant in 10100 North Central Expressway since 2000. The company renewed and extended its lease in 2006. They occupy approximately 25,740 square feet on the 5th and 6th floors. In addition, the firm has located their mortgage unit in about 3,950 square feet of space on the 3rd floor. The company maintains a right of first offer on additional space located on the fifth floor (currently about 6,788 square feet). National Resort's space includes elaborate build-out that includes a company gym and locker room reminiscent of the upscale resorts they own and manage. The company houses its entire executive staff at 10100 North Central Expressway. The Lease is guaranteed by Double Diamond Inc. through July 2010. For more information, please visit their websites: www.nationalresort.com and www.ddresorts.com.

Investment Fundamentals

The TIC N. Central Dallas, LLC offering provides a select group the opportunity to invest in a high quality, well-located office project that provides stable cash flows from long term tenancy. Highlights of the offering include:

- The projected cash flows allow the investor to receive a cash flow yield beginning at 7%, with an overall projected return expected at 9.6 - 12% over a ten year hold period.
- 63.5% of the Property is leased through 2016 to anchor tenants. These anchor tenants utilize the Property for their corporate headquarters (National Resort Management Company) and their Texas regional headquarters (Perkins & Will).
- The majority of the remaining tenants are leasing space at rental rates below what is achievable in the current market. As these leases roll, there will be an opportunity to increase rental rates in a market where office occupancies are improving.

- The acquisition purchase price of \$118.28 per square foot is well below replacement cost for property located along a major Dallas thoroughfare.
- Recent improvements to North Central Expressway have spurred growth in the area. Major retail and residential developments like Park Lane Place and Vickery Meadow provide stability for the area and will enhance the office environment.