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A Sampling of
Property Acquisitions made by
Falcon Real Estate Investment Management, Ltd.
Falcon Real Estate Investment Management, Ltd. was formed in 1991 to provide advice to individual and institutional investors in U.S. real estate. From the beginning of the company, Falcon has focused on providing a complete and comprehensive service particularly to overseas investors in U.S. real estate. Many of the services provided to our clients are similar to those provided by international private banks. The real estate professionals on Falcon’s staff are selected because they understand the need to provide expert real estate advice, while at the same time providing a very high level of service. This fundamental approach has successfully attracted individual and institutional investors from around the world, enabling Falcon to carry out transactions on behalf of our clients totaling $7 billion since the formation of the company.

Since its inception in 1991, the company has expanded to have four primary offices across the United States, from New York to Chicago to California staffed by a team of senior real estate professionals. From these offices, Falcon offers investors professional advice with respect to purchases, financings and sales. In addition, Falcon has a nationwide asset management service that provides supervisory management for all types of real estate.
We are especially proud of the investment results that we have achieved for our clients since our inception. Taking into consideration all of the properties that we have purchased and for which we have provided asset management, Falcon has earned a reputation for providing world class advisory services in U.S. real estate. For more information on our firm and updates on all of the other activities in which the company is engaged, please visit our website at www.falconreal.com.

We have prepared this booklet to give potential investors an opportunity to review many of the properties that we have bought and managed over the years. On the following pages are photographs of many of the properties and some brief factual information on them that may be helpful in illustrating how our results were realized.

Howard E. Hallengren  
Chairman

Jack D. Miller  
President

For more information on Falcon’s assets under management, portfolio, and transactions, go to www.falconreal.com
Northeast

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New York Avenue combines two properties that were previously under separate ownership — 1201 and 1225 New York Avenue. 1201 was the original building and 1225 was built as an addition to it, but they ended up under separate ownership and management. Falcon negotiated the purchase of 1201 in 1999 and 1225 in 2001, combining the management and significantly improving the operational efficiency of both. The combined building, located in the rapidly growing East side office market of Washington, D.C., contains over 400,000 square feet of net rentable area. The building has twelve floors, plus a penthouse level, and three floors of parking underground.

David A. Hill of Falcon Real Estate, was optimistic concerning the purchase of this property. “By combining these two entities, prospective tenants will only have to work with one leasing agent and there will be obvious savings in operating expenses. In addition, we will be
INVESTMENT SUMMARY

• Two attractive, adjoining multi-tenant office buildings containing over 400,000 sq. ft.

• Located in rapidly growing East side office market of Washington, DC

PURCHASE RATIONALE

• Adjoining buildings, but under separate ownership and management

• 1201 purchased in 1999 and 1225 in 2001, and two buildings then combined, significantly improving operational efficiency of both

• Physical renovation and complete re-leasing of both buildings required

• Excellent capital appreciation prospects

EXIT STRATEGY

• Consider sale after buildings were combined and renovation and re-leasing programs completed

TRANSACTION STATISTICS

• Purchase Date – 1999 and 2001
• Combined Purchase Price – $114 MM
• Combined Equity – $50.2 MM
• Date of Sale – Sept. 2006
• Sale Price – $215 MM
• IRR – 12%

able to carry out a comprehensive renovation program for the entire property.” Shortly after the two buildings had been purchased and combined, it was necessary to carry out a major re-tenanting of the property, and leases were quickly written with tenants such as the U.S. Department of Homeland Security, the Federal Elections Commission and the Office of Government Ethics., bringing the combined property to 100% occupancy.

The total purchase price for 1201 and 1225 New York Avenue was $114 million. There was $50 million of equity involved in these purchases, including funds required for renovation and leasing expenses. The combined building was sold in September 2006 for $215 million, equal to an Internal Rate of Return of 12%. 
**Philips Electronics**  
**Somerset, New Jersey**  
**Office**

**INVESTMENT SUMMARY**
- An attractive, modern four-story office building of 200,000 sq. ft. on 12 acres of land
- 100% leased to a subsidiary of Royal Philips Electronics N.V., to serve as the North American headquarters of Philips Lighting
- Located in a major business park, with convenient access to New York City

**PURCHASE RATIONALE**
- Prestigious headquarters facility with 20-years remaining on lease to Philips
- Lease is on an absolute, triple-net basis
- Rent increases by specified amounts every five years
- Property acquired primarily for its long-term stable cash flow and its strong credit tenant

**EXIT STRATEGY**
- Hold and sell based on increased rental in Year 6

**TRANSACTION STATISTICS**
- Purchase Date – Oct. 21, 2001
- Purchase Price – $42.8 MM
- Initial Equity – $15 MM
- Date of Sale – Sept. 1, 2005
- Sale Price – $50.2 MM
- IRR – 11.9%
INVESTMENT SUMMARY
• Two-story office building situated on seven-acre site – 94,170 sq. ft.
• 100% leased to Cox Communications, which is rated investment grade (BBB)
• Located in Herndon, Virginia, immediately adjacent to Dulles International Airport

PURCHASE RATIONALE
• Building was under construction at time of purchase, providing attractive purchase price
• Leased to Cox on a 15-year, absolute, triple-net lease
• Rent increases by 14% at beginning of year 6

EXIT STRATEGY
• Hold for five years and sell with 10-years still remaining on lease

TRANSACTION STATISTICS
• Purchase Date – June 28, 2002
• Purchase Price – $20.2 MM
• Initial Equity – $7 MM
• Date of Sale – August 29, 2007
• Sale Price – $29.7 MM
• IRR – 21.2%
INVESTMENT SUMMARY

- Two attractive office buildings situated at the entrance to the Carlyle Development in Alexandria, Virginia
- Carlyle Development is the new home for the 2 million square foot campus of the US Patent & Trademark Office

PURCHASE RATIONALE

- 1940 Duke Street was purchased in January 2003. This is a single tenant building on a long-term lease to one of the leading patent law firms in the US.
- 1940 Duke Street was purchased for high yield and security of income return. Regular 3% rental increases will result in increased income annually.
- 2000 Duke Street was purchased all-cash in March 2004. This building was being vacated by Time-Life and the entire building would have to be re-leased
- 2000 Duke Street was purchased for appreciation possibilities upon re-leasing
- Combined buildings provided both secure income and excellent appreciation possibilities

EXIT STRATEGY

- Sale of combined buildings to be considered after 2000 Duke Street had been completely re-leased

TRANSACTION STATISTICS

- Purchase Date – 2003 and 2004
- Combined Purchase Price – $121 MM
- Combined Equity – $73 MM
- Date of Sale – June 2007
- Sale Price – $217 MM
- IRR – 27.9%
1940 Duke Street, left
2000 Duke St, right
AT&T  Morristown, New Jersey  Office

**INVESTMENT SUMMARY**
- Two connected Class A office buildings – 385,274 sq. ft.
- 100% leased to AT&T Research Labs
- Located in Rockefeller Group’s Park Place campus, and formerly the headquarters of Exxon Corporation

**PURCHASE RATIONALE**
- Prestigious headquarters facility with 10-years remaining on lease to AT&T
- AT&T’s credit one notch below investment grade, providing somewhat lower purchase price and higher yield for investor
- Priced well below replacement cost

**EXIT STRATEGY**
- Hold for five years until rent increases in Year 6. Sale will benefit from AT&T’s credit rating being restored to investment grade
- Sale to be based on increased net operating income

**TRANSACTION STATISTICS**
- Purchase Date – Oct, 5, 2004
- Purchase Price – $77 MM
- Initial Equity – $20.5 MM
- Current Estimated Value – $86 MM*
INVESTMENT SUMMARY
• Newly constructed Class A office building – 133,800 sq. ft.
• 100% leased to BAE Systems of North America, a wholly owned subsidiary of BAE Systems, PLC
• Located in master-planned community of Reston, Virginia, near Dulles International Airport

PURCHASE RATIONALE
• New building, with excellent tenant in a desirable market
• 100% leased space provides excellent cash flow for life of lease
• Lease provides annual 2½% rental increases that support increased valuation for the property
• Specifically designed for BAE with upgraded security system

EXIT STRATEGY
• Hold for original ten-year term of the lease to realize growing income stream and increased value of property
• Sale would occur following re-leasing of property

TRANSACTION STATISTICS
• Purchase Date – Sept. 20, 2002
• Purchase Price – $35 MM
• Initial Equity – $13 MM
• Current Estimated Value – $51 MM*

* based on Falcon estimate
**INVESTMENT SUMMARY**

- A 48-story luxury condominium tower located on the Hudson River directly across from Lower Manhattan
- A total of 420 luxury apartments are being constructed
- Project also includes a 10-story parking garage and ground level retail space
- Because of its excellent transportation links to New York City and the Wall Street area, Jersey City is becoming an important location for office and residential development

**PURCHASE RATIONALE**

- Demand for housing in Manhattan remains very strong and at the highest price level in the US
- Lower Manhattan continues to recover economically and as a residential center
- Jersey City is a prime beneficiary of the developments in Lower Manhattan and the Wall Street area since both office and residential space is available there at roughly half the price as in Manhattan
- 77 Hudson is being developed in partnership with one of the largest homebuilders in the US

**EXIT STRATEGY**

- Anticipated three-year holding period to allow for construction and sale of completed condominiums

**TRANSACTION STATISTICS**

- Estimated Development Costs – $330 MM
- Total Equity Investment – $110 MM
- Estimated IRR – 14%

* based on Falcon estimates
**Novo Nordisk**  Princeton, New Jersey  Office

**INVESTMENT SUMMARY**
- Novo Nordisk occupies 80% of space in combined buildings
- Located in tightly-controlled Forrestal Business Park, owned by Princeton University

**PURCHASE RATIONALE**
- New ten-year lease to Novo Nordisk running to 2014
- 12% rental increase at end of fifth year
- Buildings are 100% occupied with quality tenants
- Cash-on-cash returns projected to average 9.5% over five-year holding period

**EXIT STRATEGY**
- One option would be to sell in December 2009 to coincide with Novo’s scheduled rent increase. Alternatively, since Novo continues to expand into other buildings at this location, re-financing and continued retention of this property is also an option.

**TRANSACTION STATISTICS**
- Purchase Date – Feb. 16, 2005
- Purchase Price – $71.5 MM
- Initial Equity – $23.1 MM
- Current estimated value – $79.5 MM*

* based on Falcon estimate
**INVESTMENT SUMMARY**

- Multi-phase project to build 7 premium residential towers in Northern Virginia
- A total of 1,354 luxury condominiums and rental apartments will be constructed over a period of about 7 years
- Located in the principal suburban market in the Washington, DC metropolitan area

**PURCHASE RATIONALE**

- Increasing demand for high quality housing in the Washington market
- US Government has been continuing to expand its presence in Northern Virginia
- Tysons Corner is the most important office market outside of Washington DC itself and will be tied to downtown by expansion of subway system
- Project being developed in partnership with highly experienced property development company and a major construction company

**EXIT STRATEGY**

- Upon completion of construction, each building will be sold either as individual condominiums, or as a rental apartment building

**TRANSACTION STATISTICS**

- Estimated Development Costs – $1.5 BN
- Total Equity Investment – $300 MM
- Estimated IRR – 20%

* based on Falcon estimates
Southeast

- Falcon property
Southeast

Miami, Florida

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Delta Airlines Call Center
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Golden Bear Plaza
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Federal Express Building
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Siemens Building
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Pershing Park Plaza was originally built as the prestigious headquarters for a major US corporation. The building was constructed with expensive marble interior finishes and with high-end granite exteriors. This is an eight-story office building of just over 159,000 square feet located in the Midtown submarket of Atlanta, Georgia. This market is conveniently located between downtown Atlanta and the important suburban market of Buckhead. At the time of acquisition, the building had been purchased by a real estate development company and was being converted to a multi-tenant property.

This was an off-market transaction and Falcon worked directly with the development company, which was, in turn, negotiating a 15-year lease with the Law Firm of Jones, Day, Reavis and Pogue. Jones Day is the seventh largest law firm in the world, and one of the premier law firms in the United States. Pershing Park
INVESTMENT SUMMARY

• Eight-story multi-tenant office building – 159,103 sq. ft.

• Originally constructed as the prestigious headquarters for a major US corporation, with exterior granite and high-end marble interior finishes

• Being converted to multi-tenant at time of purchase

PURCHASE RATIONALE

• A 15-year lease was signed shortly before purchase with seventh largest law firm in the world

• Law firm’s lease provides for 2% annual rent escalations

• A master-lease was received from seller for balance of space in the building

• Located in the attractive Midtown submarket of Atlanta, one of the city’s top performing real estate markets

EXIT STRATEGY

• Hold for five years, with exit planned for 2010 with building at minimum of 95% occupancy

TRANSACTION STATISTICS

• Purchase Date – Nov. 1, 2004
• Purchase Price – $41.3 MM
• Initial Equity – $16.2 MM
• Current Estimated Value – $48 MM*

* based on Falcon estimate

Plaza became Jones Day’s headquarters for the southeastern United States. The law firm's lease covered approximately 80% of the space in the building and it contained options covering all the remaining space.

The lease also provided for 2% annual rent escalations. In addition, a master-lease was received from the seller covering the balance of space in the building. This investment has the unique combination of a great location, a first rate tenant on a long-term lease, and a building of incomparable quality.

The building was purchased in November 2004 at a price of $41.3 million, with an equity investment of $16.2 million. With rental increases in 2006 and 2007, Falcon estimates that the value of this property is currently $48 million.
INVESTMENT SUMMARY
- Built in 1989 with attractive architectural highlights
- Located in Cumberland submarket northwest of downtown Atlanta, considered one of the city’s prominent residential and commercial areas

PURCHASE RATIONALE
- Occupancy was 89%, of which 69% was to AAA credit tenant, General Electric, through 2014
- Secure income stream from primary credit tenant
- Limited lease rollover exposure
- Excellent access to area freeway system

EXIT STRATEGY
- Hold for four years, with exit planned for 2008

TRANSACTION STATISTICS
- Purchase Date – Sept. 13, 2004
- Purchase Price – $39.3 MM
- Initial Equity – $14.3 MM
- Current Estimated Value – $43.8 MM*

* based on Falcon estimate
INVESTMENT SUMMARY
• Very high quality office building constructed in 2001 – 160,000 sq. ft.
• 100% leased by IBM Corporation on a new 10-year lease
• Located in upscale South Florida location of Boca Raton

PURCHASE RATIONALE
• A 10-year lease with a credit quality global company
• An excellently located and well constructed building
• Lease provides for 10% rental increase at the end of the fifth year
• IBM has long history of having major computer development activities in Boca Raton

EXIT STRATEGY
• Either sell the property with five years remaining on lease, or hold for ten years and have IBM renew its lease and sell at that time

TRANSACTION STATISTICS
• Purchase Date – Oct. 11, 2001
• Purchase Price – $33.8 MM
• Initial Equity – $15 MM
• Current Estimated Value – $44 MM*

* based on Falcon estimate
INVESTMENT SUMMARY

- Newly constructed call center for Delta Airlines – 49,650 sq. ft.
- 15-year, triple-net lease, with 3% annual rent increases
- Excellent location in Broward County

PURCHASE RATIONALE

- Building offered rising income, strategic location and strong market fundamentals
- Delta provided $2.5 million letter of credit to support the lease
- While Delta’s possible bankruptcy was a consideration, we felt that they might not reject the lease since this was an important new custom-built facility. However, if they did reject the lease, we were confident it could be re-leased quickly due to quality of building, high parking ratio and strong market fundamentals.

EXIT STRATEGY

- Delta declared bankruptcy in September 2005 and rejected the lease in court a year later. Using the funds from Delta’s letter of credit, we were quickly able to secure Royal Caribbean Cruise Lines as a new tenant on a ten-year lease.
- The property will now be marketed for sale, with a much higher quality tenant on a new ten year lease that provides for 3% annual rental increases

TRANSACTION STATISTICS

- Purchase Date – Feb. 23, 2004
- Purchase Price – $11 MM
- Initial Equity – $4.3 MM
- Current Estimated Value – $13.5 MM*

* based on Falcon estimate
Golden Bear Plaza  North Palm Beach, Florida  Office

**Investment Summary**
- Constructed in 1987
- Located on U.S. Route 1 in North Palm Beach, Florida

**Purchase Rationale**
- Two towers on new 10-year lease to Florida Power and Light, a credit quality tenant
- Remaining tower fully leased to Northern Trust Bank and Golden Bear International
- All leases were triple net
- Property purchased for secure income and capital appreciation possibilities as Palm Beach real estate market improved

**Exit Strategy**
- Property to be held for five years until net operating income improved and capital gain could be realized upon sale

**Transaction Statistics**
- Purchase Date – Oct. 15, 1992
- Purchase Price – $47.3 MM
- Initial Equity – $21 MM
- Date of Sale – Feb. 18, 1998
- Sale Price – $ 52.1 MM
- IRR – 13.5%

Federal Express Building  Ft. Lauderdale, Florida  Office

**Investment Summary**
- Single tenant office building – 49,095 sq. ft. – built in 1986
- Well-located in industrial park
- Property is close to Ft. Lauderdale International Airport

**Purchase Rationale**
- Property serves as one of FedEx’s principal call centers in the Southeast
- FedEx signed a ten-year lease in 1996
- Property provided a well above-average current yield

**Exit Strategy**
- Strategy was to hold during the term of the ten-year lease, benefiting from rental increases, and selling after property had been re-leased

**Transaction Statistics**
- Purchase Date – Jan. 1, 1997
- Purchase Price – $7.2 MM
- Initial Equity – $2.1 MM
- Date of Sale – Dec. 22, 2006
- Sale Price – $8.2 MM
- IRR – 14.2%
INVESTMENT SUMMARY
• A modern four-story office building – 226,548 sq. ft. on 13.26 acres of land
• Ten-year lease with Siemens-Westinghouse
• Located in high-quality master-planned development known as the Quadrangle

PURCHASE RATIONALE
• New ten-year lease to credit-quality tenant
• 10% rental increase at end of fifth year
• Property located between two other buildings owned and occupied by Siemens

EXIT STRATEGY
• Sale to be considered beginning about 12 months prior to scheduled rental increase

TRANSACTION STATISTICS
• Purchase Date – July 17, 2002
• Purchase Price – $36 MM
• Initial Equity – $12.7 MM
• Date of Sale – August 9, 2006
• Sale Price – $44 MM
• IRR – 15.2%
Midwest

Chicago, Illinois

**National Distribution Portfolio**
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**Memphis International Airport**
Distribution Portfolio
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In June 2007, Falcon Real Estate completed the purchase of a portfolio of 22 warehouse and distribution buildings in eleven cities across the United States. This portfolio was known as the TIAA portfolio, since it had been assembled by Teachers Insurance and Annuity Association of New York, and the purchase price was $270,000,000. The portfolio contains a total net rentable area of 5,450,000 square feet and is well diversified both geographically and by tenant profile. Financing for the acquisition was provided by Credit Suisse Column Financial.

The portfolio includes multiple holdings in the greater Cincinnati and Philadelphia metropolitan areas, in Atlanta and Memphis, as well as properties in Salt Lake City, Phoenix, San Diego, Chicago, Dallas, El Paso and Oakland. The buildings in the portfolio were
INVESTMENT SUMMARY

- Twenty-two industrial distribution buildings located in eleven cities across the United States
- Total of 5.5 million square feet of space in combined buildings
- Eleven locations for these buildings are all strategic distribution points
- 91% occupied by roster of desirable tenants

PURCHASE RATIONALE

- Buildings located in desirable growing markets, including San Diego, Phoenix, Dallas, Chicago, Memphis and Atlanta
- 93% of the portfolio leased to global or national tenants
- Considerable opportunity for increased income as leases roll over, with 71% of leases expiring within three years
- Cash flow projected to increase significantly by 2009
- Attractive IRR projected upon sale

EXIT STRATEGY

- Hold for five years until 82% of leases roll and sell based on greatly increased income

TRANSACTION STATISTICS

- Purchase Date – June 27, 2007
- Purchase Price – $270 MM
- Initial Equity – $98.7 MM
- Current Estimated Value – $270 MM*

* based on Falcon estimate

91% leased at closing to such well known tenants as Federal Express, DuPont, The Gap, UPS, Komatsu and Mitsui.

This transaction was handled by a team of acquisition and asset management professionals out of Falcon’s Chicago office. This purchase represented an extraordinary opportunity to obtain a major high-quality position in that segment of the U.S. real estate market. Falcon Real Estate will provide asset management for these properties.
Fullerton Plaza  
**Chicago, Illinois**  
**Retail**

**INVESTMENT SUMMARY**
- Two single-story retail buildings totaling 125,929 sq. ft.
- 100% leased to seven tenants on long-term leases
- Excellent location in upscale Chicago neighborhood

**PURCHASE RATIONALE**
- High quality retail tenants providing secure income stream
- Very strong income demographics in surrounding densely populated residential neighborhood
- High level traffic flow passing property
- Continued growth of demand for retail space as gentrification spreads in area

**EXIT STRATEGY**
- Strategy is to hold for continually increasing income and value enhancement

**TRANSACTION STATISTICS**
- Purchase Date – April 30, 1999
- Purchase Price – $23.7 MM
- Initial Equity – $23.7 MM*
- Current Estimated Value – $31.5 MM**

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**Comcast Call Center  
Woodbridge, Illinois  
Office**

**INVESTMENT SUMMARY**
- Newly constructed single-story call center – 80,269 sq. ft.
- 100% leased to Comcast of Illinois, with lease guaranteed by Comcast Corporation
- Located immediately adjacent to two major Chicago area interstate highways giving direct access both to downtown Chicago and to O’Hare International Airport

**PURCHASE RATIONALE**
- New 12-year lease to Comcast, with guarantee from investment grade parent company (BBB+)
- Purchased from developer while building was under construction, providing good purchase price
- Excellent location in Chicago, which is a major, growing real estate market

**EXIT STRATEGY**
- Hold for five years and consider sale with seven years remaining on lease

**TRANSACTION STATISTICS**
- Purchase Date – Feb. 23, 2007
- Purchase Price – $17.3 MM
- Initial Equity – $7.2 MM
- Current Estimated Value – $17.3 MM**

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* all-cash purchase; subsequently financed

** based on Falcon estimate
Cargill Office Building    Minnetonka, Minnesota    Office

**INVESTMENT SUMMARY**
- 100% leased to Cargill, Inc., a major, privately owned food and agricultural product company rated A+
- Located in Minnetonka Corporate Center, an important suburban business park of Minneapolis

* based on Falcon estimate

**PURCHASE RATIONALE**
- Building is the newest and largest part of a four building complex called Cargill’s Crosstown Campus
- Cargill’s trading floor located in this building, which involved a substantial investment, increasing the likelihood that the lease will be renewed
- Minneapolis is considered to be a growing but stable real estate market

**EXIT STRATEGY**
- Hold for five years and consider sale upon renewing Cargill’s lease

**TRANSACTION STATISTICS**
- Purchase Date – August 23, 2003
- Purchase Price – $26.3 MM
- Initial Equity – $10.4 MM
- Current Estimated Value – $28 MM*
Highland Landmark  Downers Grove, Illinois  Office

**Investment Summary**
- 100% leased property with two tenants occupying 81% of building
- Located in Oak Brook sub-market, the most prestigious suburban office market in the Chicago metropolitan area

**Purchase Rationale**
- R. R. Donnelly leases 57% of building through 2012 and has options on any additional space that becomes available in the building
- Remaining space leased to excellent local companies
- Provides average cash yield of 7.6% over projected holding period

**Exit Strategy**
- Sale is planned for 2010 when Donnelly’s rent increases

**Transaction Statistics**
- Purchase Date – July 25, 2005
- Purchase Price – $67 MM
- Initial Equity – $20.8 MM
- Current Estimated Value – $67 MM*

* based on Falcon estimate
Midwest Distribution Portfolio  Cleveland, OH  Industrial

**INVESTMENT SUMMARY**
- Four industrial distribution buildings constructed between 1989 and 2005
- Total of 788,292 square feet of space in combined buildings
- Strategic location for distribution activity both locally and regionally
- Cleveland is the tenth largest industrial property market in the United States

**PURCHASE RATIONALE**
- These properties represent an institutional quality industrial product
- The portfolio is 94% leased to five tenants, with 44% leased until 2016
- Attractive cash-on-cash return, averaging 8.2% over projected holding period

**EXIT STRATEGY**
- Projected holding period of five years, with sale in 2011 when current mortgage matures

**TRANSACTION STATISTICS**
- Purchase Date – Dec. 28, 2006
- Purchase Price – $34 MM
- Initial Equity – $16.5 MM
- Current Estimated Value – $34 MM*

* based on Falcon estimate
Memphis International Airport Distribution Portfolio  Memphis, Tennessee  Industrial

**INVESTMENT SUMMARY**

- Nine industrial distribution buildings constructed between 1988 and 2000
- Total of 1.1 million square feet of space in combined buildings
- Strategically located adjacent to Memphis International Airport, the number one air cargo airport globally
- Memphis is also the home airport for Federal Express

**PURCHASE RATIONALE**

- Excellent mix of strong national and regional tenants providing secure income stream
- Nine buildings are 85% leased, providing upside potential as additional leases are signed
- Attractive cash-on-cash return, averaging 9% over projected holding period

**EXIT STRATEGY**

- Projected holding period of five years, with sale in 2011 when current mortgage matures

**TRANSACTION STATISTICS**

- Purchase Date – Dec. 21, 2006
- Purchase Price – $37.1 MM
- Initial Equity – $16.5 MM
- Current Estimated Value – $37.1 MM* 

* based on Falcon estimate
South Central

Oil Rig in Texas

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Federal Express Building
Irving, Texas .......................... 47
Four Westlake Park is a 20-story office building located in the Energy Corridor of Houston, Texas. This is a 561,000 square foot building that is primarily leased to BP Corporation of North America. The building was completed in 1992 on a 5.8 acre lot with a six-story parking garage containing space for over 1,700 vehicles.

There were three years remaining on BP’s lease when this property was purchased in 2007. The existing lease provides for increasing net rents, and BP pays its full share of all operating expenses. David A. Hill of Falcon Real Estate, commented at the time of purchase, “Since BP has its North American Headquarters in Westlake Park, we believe that there is a high likelihood that they will renew their lease, and perhaps even expand further into a neighboring building.” There was
INVESTMENT SUMMARY

• A 20-story single-tenant office building built in 1992 – 561,000 sq. ft.
• Primarily leased to BP Corporation of North America
• Located in the Energy Corridor of Houston, Texas

PURCHASE RATIONALE

• Represents a trophy asset in an excellent location
• Existing lease has increasing net rents and BP pays its full share of all operating expenses
• Demand for office space in Houston by major oil companies expected to remain strong as long as price of oil remains at or near current levels
• As BP’s lease is renewed, much higher rents can be expected.

EXIT STRATEGY

• Expect sale in seven years with considerably higher net operating income in place

TRANSACTION STATISTICS

• Purchase Date – Sept. 26, 2006
• Purchase Price – $122 MM
• Initial Equity – $46 MM
• Current Estimated Value – $122 MM

very little vacant space in the Energy Corridor at the time of purchase, and very little new construction taking place.

The rental rate that BP was paying under its existing lease was well below market, since the lease was signed when oil prices were less than $20 per barrel. As oil prices have risen in recent years, activity in the Energy Corridor has increased dramatically, and it is anticipated that BP will have to increase its rent significantly when its lease is renewed.

Four Westlake Park was purchased in September 2006 at a price of $122 million. It is expected to be held for approximately seven years and sold when rental rates are expected to be considerably higher than at the time of purchase.
Three Westlake Park  Houston, Texas  Office

**INVESTMENT SUMMARY**
- Principal tenants are BP Corp. of North America and ConocoPhillips
- Located in the Energy Corridor of Houston, Texas

**PURCHASE RATIONALE**
- Represents a trophy asset in an excellent location
- Existing leases have increasing net rents and tenants pay their full share of all operating expenses
- Demand for office space in Houston by major oil companies expected to remain strong as long as price of oil remains at or near current levels
- As leases roll over, much higher rents can be expected

**EXIT STRATEGY**
- Expect sale in seven years with considerably higher net operating income in place

**TRANSACTION STATISTICS**
- Purchase Date – Dec. 11, 2006
- Purchase Price – $87.3 MM
- Initial Equity – $33 MM
- Current Estimated Value – $87.3 MM*

* based on Falcon estimate
INVESTMENT SUMMARY
- Relatively new multi-tenant office building – 148,082 sq. ft.
- Building only partly leased at time of purchase
- Located in the Enclave, a high-growth area of Houston, Texas

PURCHASE RATIONALE
- Building purchased from developer who was experiencing serious financial difficulties at the time
- Belief that vacant space could be quickly leased
- Very reasonable purchase price of $158 per sq. ft.

EXIT STRATEGY
- Strategy was to complete leasing of the building and sell when Houston office market had strengthened

TRANSACTION STATISTICS
- Purchase Date – Nov. 10, 2000
- Purchase Price – $23.5 MM
- Initial Equity – $9 MM
- Date of Sale – June 30, 2006
- Sale Price – $30 MM
- IRR – 16.9%
INVESTMENT SUMMARY

- 100% leased to ABB Inc, a wholly-owned subsidiary of Asea Brown Boveri of Switzerland
- Located in Westchase area of Houston, Texas

PURCHASE RATIONALE

- Building purchased while under construction, resulting in attractive purchase price of $137 per square foot
- 100% leased to an AA rated international company
- Lease provides for 10% rental increase after five years

EXIT STRATEGY

- Original strategy was to hold for five years and sell based upon higher net operating income in Year 6. (However, property refinanced in 2004 generating significantly higher cash flow.)
- Since ABB subleased most of the building, revised strategy is to sign direct leases with sub-tenants upon expiration of ABB lease and sell upon conclusion of re-leasing

TRANSACTION STATISTICS

- Purchase Date – Dec. 15, 1999
- Purchase Price – $66.8 MM
- Initial Equity – $23.2 MM
- Current Estimated Value – $72 MM*

* based on Falcon estimate
Hartford Fire Insurance  San Antonio, Texas  Office

**INVESTMENT SUMMARY**
- Newly constructed 3-story office building – 100,000 sq. ft.
- Leased to Hartford Fire Insurance Company for seven years
- Located in rapidly growing section of San Antonio, Texas

**PURCHASE RATIONALE**
- Building purchased while under construction, resulting in attractive purchase price of $185 per sq. ft.
- Hartford Fire Insurance rated AA
- Lease provides for 7% rental increase at beginning of Year 4 of lease term
- Possibility that Hartford could request expansion of the building, which would result in higher cash yield to investors

**EXIT STRATEGY**
- Long-term hold strategy to obtain above-average income return

**TRANSACTION STATISTICS**
- Purchase Date – April 28, 2005
- Purchase Price – $18.5 MM
- Initial Equity – $5.8 MM
- Current Estimated Value – $20.1 MM*

* based on Falcon estimate
DeVry University  Westminster, Colorado  Office

**INVESTMENT SUMMARY**
- Two-story classroom facility – 71,580 sq. ft.
- 100% leased for 15 years by DeVry Inc.
- Located in the NorthRidge Business Park in suburban Denver, Colorado

**PURCHASE RATIONALE**
- Property purchased from developer while under construction, insuring relatively attractive purchase price
- Tenant is a credit-quality company with no long-term debt
- Net rent increases by 1½% per year throughout the term of the lease

**EXIT STRATEGY**
- Hold for five years as rent rises each year
- Sell based on increased rent of Year 6

**TRANSACTION STATISTICS**
- Purchase Date – March 31, 2003
- Purchase price – $13.9 MM
- Initial Equity – $5 MM
- Current Estimated Value – $15.9 MM*

Federal Express Building  Irving, Texas  Office

**INVESTMENT SUMMARY**
- Single-tenant office building – 170,000 sq. ft. – built in 2001
- Leased to Federal Express for 10 years
- Located in the Dallas suburb of Irving, Texas
- Property is close to Dallas-Ft. Worth International Airport

**PURCHASE RATIONALE**
- Long-term investment with steady cash flow
- Investment grade tenant provides safety of principal
- Rent increases 10% in sixth year

**EXIT STRATEGY**
- Sell in year six after rent increases 10%, with five years remaining on lease

**TRANSACTION STATISTICS**
- Purchase Date – Sept. 5, 2001
- Purchase Price – $24.8 MM
- Initial Equity – $6.5 MM
- Current Estimated Value – $26.5 MM*

* based on Falcon estimate
Pacific Southwest

- *Falcon property*
Two Rodeo Drive
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Federal Express Building
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Honeywell Building
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Starz Plaza
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Gateway Corporate Center
Diamond Bar, CA ........................ 54

Foote Cone & Belding
Irvine, CA ............................... 56

Ralph’s Supermarket
West Hollywood, CA ................... 56

9701 Wilshire Boulevard
Beverly Hills, CA ........................ 57

7025 North Scottsdale
Scottsdale, AZ ........................... 58
Located at the intersection of Southern California’s two most recognized thoroughfares, Rodeo Drive and Wilshire Boulevard, Two Rodeo is an internationally recognized landmark and one of the premier retail properties in the world. No other single property in the United States has Two Rodeo’s concentration of the world’s leading fashion and luxury goods tenants. At the time of purchase, the property’s rent roll included Tiffany, Versace, Cartier, Gianfranco Ferre, Escada, Porsche Design and Charles Jourdan. Two Rodeo consists of 130,000 square feet of retail space, which equates to approximately 30% of the total retail space on Rodeo Drive. With four levels of underground valet parking, Two Rodeo has more parking than any other complex in the area.

Jack Miller, President of Falcon Real Estate noted at the time of purchase that one of the great attractions of this property, aside from its preeminent location, was
INVESTMENT SUMMARY

• Very high quality retail complex of 130,409 sq. ft.
• Leased to highest quality retailers, such as Tiffany, Versace and Gucci
• Located at corner of Rodeo Drive and Wilshire Boulevard, the premier location in Beverly Hills

PURCHASE RATIONALE

• Considered a turn-around situation, requiring improved management controls
• Previous owner had not maintained property to level demanded by high quality tenants
• Some structural renovation required to retain and attract tenants
• Excellent capital gain possibility with new management and leasing team in place

EXIT STRATEGY

• Sale could be considered after renovation of property and after new leases had been secured from principal tenants

TRANSACTION STATISTICS

• Purchase Date – August 8, 2000
• Purchase Price – $143 MM
• Initial Equity – $68 MM
• Date of Sale – August 2007
• Sale Price – $275 MM
• IRR – 15.8%

After its purchase, Falcon managed Two Rodeo for seven years. During that time, an extensive renovation program was carried out, and significant new leasing was finalized, including a new 15-year lease with Tiffany. This property was purchased in August 2000 for $143 million, including various leasing reserves, and was sold seven years later in August 2007 for $275 million. The Internal Rate of Return was 15.8%.
Federal Express Building  Hawthorne, California  Industrial

**INVESTMENT SUMMARY**
- Single tenant industrial building – 118,912 sq. ft. – built in 1997
- Designed specifically for Federal Express which leases the entire property
- Property is adjacent to Los Angeles International Airport, making it a key location for FedEx

**PURCHASE RATIONALE**
- Property serves as one of FedEx’s main distribution centers on the West Coast
- FedEx signed a ten-year lease in 1997
- Lease provided for 10% rent increase at beginning of Year 6
- Difficult for competing properties to be built in area

**EXIT STRATEGY**
- Original strategy was to hold for ten years and sell after re-leasing property. However, FedEx has signed a new 10-year lease and cash-on-cash return over next 10 years is projected to average 18.9%. Therefore, ownership has decided to retain property as a long-term hold.

**TRANSACTION STATISTICS**
- Purchase Date – Oct. 24, 1997
- Purchase Price – $11.4 MM
- Initial Equity – $3.3 MM
- Current Estimated Value – $21.9 MM*

Honeywell Building  Glendale, Arizona  Office

**INVESTMENT SUMMARY**
- Single tenant two-story office building – 181,596 sq. ft. in suburb of Phoenix, Arizona
- Houses commercial aviation, electronics, engineering and development personnel for Honeywell

**PURCHASE RATIONALE**
- Well-located property in growing metropolitan area
- Leased to credit-quality tenant
- 5 years remaining on original 17-year lease
- Property acquired for just over $105 per square foot

**EXIT STRATEGY**
- Property to be held for five-year period, and then sold after Honeywell has either renewed their lease or a new tenant has been found

**TRANSACTION STATISTICS**
- Purchase Date – Oct. 24, 2003
- Purchase Price – $19.4 MM
- Initial Equity – $7 MM
- Current Estimated Value – $22.5 MM*

* based on Falcon estimate
Starz Plaza Burbank, California Office

**INVESTMENT SUMMARY**
- Institutional quality, three-story office building constructed in 2001 with 155,042 sq. ft. of rentable space
- Principal tenant, Starz Entertainment, leases 56% of space through 2016, with annual rent increases of 2 1/2%

**PURCHASE RATIONALE**
- Below market rents for all tenants at time of purchase
- Upside potential through lease-up of vacant space (approximately 15%)
- Rapidly increasing rents in the Burbank market reflecting continued strength of the Hollywood movie industry
- Cash returns are projected to increase significantly as leases roll over

**EXIT STRATEGY**
- Hold until vacant space is leased and Starz rent has increased so that the net operating income has risen significantly and a capital gain can be realized upon sale

**TRANSACTION STATISTICS**
- Purchase Date – Dec. 30, 2005
- Purchase Price – $42.5 MM
- Initial Equity – $42.5 MM
- Current Estimated Value – $42.5 MM*

* based on Falcon estimate
**Gateway Corporate Center**  Diamond Bar, California  Office

**INVESTMENT SUMMARY**
- Newly constructed multi-tenant office building 162,324 sq. ft.
- 100% leased to six tenants, including Travelers, Wells Fargo and Square D
- Very well located in important and growing sub-market of Los Angeles County

**PURCHASE RATIONALE**
- Below market rents for all tenants at time of purchase
- Rapidly increasing rents in the Diamond Bar market
- Recovering economic conditions in California point to increasing demand for well-located office space

**EXIT STRATEGY**
- Hold for five years during which time over 50% of the leases will roll over
- Sell based upon increased net operating income projected in Year 6

**TRANSACTION STATISTICS**
- Purchase Date – Oct. 1, 2002
- Purchase Price – $24.8 MM
- Initial Equity – $7.7 MM
- Current Estimated Value – $45 MM*

* based on third-party appraisal
**Foote Cone & Belding**  Irvine, California  Office

**INVESTMENT SUMMARY**
- Newly renovated office building – 98,925 sq. ft.
- On a long-term lease to Foote Cone & Belding, a subsidiary of the Interpublic Group
- Located in the premier office market of Orange County, between Los Angeles and San Diego and near John Wayne International Airport

**PURCHASE RATIONALE**
- 100% leased for 12 years to credit-quality tenant
- Award-winning tenant build-out showing tenant’s commitment to building
- Annual rent increases equal to consumer’s price index, with minimum increase of 3% per year

**EXIT STRATEGY**
- Hold for five years and sell based upon 2009 net operating income. Lease will still have seven years remaining.

**TRANSACTION STATISTICS**
- Purchase Date – June 30, 2004
- Purchase Price – $29.5 MM
- Initial Equity – $10 MM
- Current Estimated Value – $39.8 MM*

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**Ralph’s Supermarket**  West Hollywood, California  Retail

**INVESTMENT SUMMARY**
- Newly constructed stand-alone grocery store – 47,000 sq. ft.
- 100% leased to Ralph’s Supermarkets, a division of Kroger
- Very well located in West Hollywood, with few competing supermarkets in the neighborhood

**PURCHASE RATIONALE**
- Tenant had signed a new 25-year triple-net lease
- Lease provided for rental increases every five years

**EXIT STRATEGY**
- Hold for ten years to realize two rental increases
- Sell based upon increased net operating income projected in Year 11

**TRANSACTION STATISTICS**
- Purchase Date – Feb. 26, 1996
- Purchase Price – $12.9 MM
- Initial Equity – $5.1 MM
- Date of Sale – Feb. 28, 2005
- Sale Price – $23 MM
- IRR – 17.1%

* based on Falcon estimate
9701 Wilshire Boulevard  Beverly Hills, California  Office

**INVESTMENT SUMMARY**
- 12-story high-rise multi-tenant office building – 109,757 sq. ft.
- Built in 1973 with classic architectural design
- Located in excellent spot on Wilshire Boulevard in heart of Beverly Hills

**PURCHASE RATIONALE**
- Unique opportunity since Beverly Hills prohibited the construction of buildings over three-stories tall
- Building in need of extensive refurbishment and renovation, and provision were made in purchase price for funding such programs
- Upside potential for net operating income as vacant space in building is leased
- Great confidence that real estate market in Beverly Hills would recover from problems associated with business slowdown of early 1990’s

**EXIT STRATEGY**
- Sale to be considered after renovation program completed, after building achieves stabilized occupancy, and after general real estate market has recovered

**TRANSACTION STATISTICS**
- Purchase Date – Oct. 15, 1994
- Purchase Price – $17.9 MM
- Initial Equity – $7.2 MM
- Date of Sale – Nov. 28, 1997
- Sale Price – $27.9 MM
- IRR – 17.7%
7025 North Scottsdale  Scottsdale, Arizona  Office

**INVESTMENT SUMMARY**

- Five-level property, with three levels of office space and a two-story parking deck – 91,148 sq. ft.
- Built in 2002; construction is steel frame with polished stone panels and reflective glass

**PURCHASE RATIONALE**

- 100% leased to a number of credit quality tenants
- Property will provide a stable and predictable cash flow over the holding period
- Existing rents well below market, with market rents increasing rapidly
- Opportunity for value enhancement as existing leases roll over
**EXIT STRATEGY**

- Hold for seven years, and sell after existing below market rents have been adjusted to market

**TRANSACTION STATISTICS**

- Purchase Date – Oct. 3, 2006
- Purchase Price – $34.7 MM
- Initial Equity – $10.2 MM
- Current Estimated Value – $34.7 MM*

* based on Falcon estimate
Pacific Northwest

— Falcon property
One Montgomery
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Aspen Creek
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The Carl Zeiss Building
Dublin, California .......................... 65

Waterfront Place Building
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Digeo Broadband Building
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228-240 Post Street
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Saks Men’s Store
San Francisco, California .................. 70

Woodinville Towne Center
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Alameda County Courthouse
Pleasanton, California ...................... 72

Gresham Square Shopping Center
Gresham, Oregon ............................ 72
One Montgomery is a historic office building located at the intersection of Montgomery, Post and Market Streets in the heart of San Francisco, California. The building is 100% leased to Wells Fargo Bank, and is considered to be one of the banks premier branch locations. There were eight years remaining on the lease to Wells Fargo at the time of purchase, which would provide a high degree of income security for that period of time.

In addition to the secure income, Falcon noted that there were two other considerations that gave the property significant capital gain possibilities. “First, our discussions with Wells Fargo indicate that they might be willing to give up some of the space that they currently occupy, while maintaining their very impressive branch-banking floor. Any space that the
INVESTMENT SUMMARY

• Historic 75,880 sq. ft. office building
• 100% leased to Wells Fargo Bank and considered to be one of the bank’s premier branch locations
• Located at the intersection of Montgomery, Post and Market Streets

PURCHASE RATIONALE

• Eight years remaining on lease to Wells Fargo
• Expectation that bank would want to keep main floor branch facilities, but was immediately willing to give up some space in building, which could be re-leased at much higher rents either for Post Street retail or for office
• Also possible to build high-rise apartment structure on top of existing office building
• Secure income with significant value enhancement possibilities

EXIT STRATEGY

• Sale could be considered after renegotiating Wells Fargo lease and/or obtaining approval for apartment tower. (Receipt of excellent purchase offer caused property to be sold earlier than originally planned.)

TRANSACTION STATISTICS

• Purchase Date – May 24, 2001
• Purchase Price – $25.9 MM
• Initial Equity – $10.4 MM
• Date of Sale – April 8, 2005
• Sale Price – $36.6 MM
• IRR – 24.9%

The building was purchased in May 2001 at a total price of just under $26 million, with an equity investment of $10 million. While conversations were under way with Wells Fargo Bank on revising its lease and studies continued as to the costs involved in building an apartment tower above the property, an offer was received from an institutional investor that appeared to be quite attractive. Accordingly, the building was sold in April 2005 at a price of $36.6 million, which translated into an Internal Rate of Return of 24.9%.
Aspen Creek  Kirkland, Washington  Residential

**INVESTMENT SUMMARY**
- Newly constructed garden-style multi-family residential complex – 149 units
- 16 buildings, plus recreational building, on 12.5 acres
- Located in suburban Seattle, just 10-minutes from Microsoft headquarters

**PURCHASE RATIONALE**
- Award-winning design around a scenic wetlands
- 149 units are all townhouses, with separate entrances, leading to higher rental rates per unit
- Rental rates in Seattle Eastside market in persistent uptrend
- Limited land available for additional apartment construction, plus restriction on development by local municipalities

**EXIT STRATEGY**
- Long-term strategy to benefit from rising apartment rental rates
- Sale to be considered after ten-year holding period at time of mortgage re-financing

**TRANSACTION STATISTICS**
- Purchase Date – July 18, 1997
- Purchase Price – $21.2 MM
- Initial Equity – $7.5 MM
- Date of Sale – July 6, 2006
- Sale Price – $29.5 MM
- IRR – 15.1%
The Carl Zeiss Building
Dublin, California
Office

**INVESTMENT SUMMARY**
- Class A office building constructed in 1999 – 201,620 sq. ft.
- 100% leased by Carl Zeiss Meditec with 17 years remaining on lease at time of purchase
- Lease guaranteed by Carl Zeiss Stiftung of Germany
- Located in desirable Alameda County sub-market, a part of the San Francisco metropolitan area

**PURCHASE RATIONALE**
- Secure cash flow over investment period
- Triple-net lease provides that all operating expenses are passed through to tenant
- Lease provides for 13% rent increase every five years
- Attractive capital gain expected to be realized upon sale

**EXIT STRATEGY**
- Hold for seven years from original purchase date and sell at time of scheduled rent increase

**TRANSACTION STATISTICS**
- Purchase Date – Sept. 18, 2002
- Purchase Price – $36 MM
- Initial Equity – $11 MM
- Current Estimated Value – $45 MM*

* based on Falcon estimate
INVESTMENT SUMMARY
• A 13-story multi-tenant office and retail building constructed in 1984 – 178,269 sq. ft.
• Building has one floor of retail, three floors of parking and six floors of office space, with three floors of separately-owned residential condominiums
• Located in the Waterfront office sub-market of the Seattle central business district
• The building offers panoramic views of Puget Sound, Mount Ranier and the City of Seattle

PURCHASE RATIONALE
• Vacancy rate in Waterfront sub-market over 15% at time of purchase with lease rates having declined significantly
• Belief that Seattle had a growing economy and that its central business district generally and the Waterfront sub-market in particular would again resume strong growth
• Extraordinarily low purchase price of under $100 per sq. ft.

EXIT STRATEGY
• Strategy was to lease vacant space and, as market improved, sign new leases at higher rental rates. As net operating income improved, re-finance the building to take out equity and eventually sell based upon increased income.

TRANSACTION STATISTICS
• Purchase Date – Jan. 18, 1995
• Purchase Price – $16.5 MM
• Initial Equity – $7.6 MM
• Date of Sale – May 10, 2005
• Sale Price – $42 MM
• IRR – 27.9%
INVESTMENT SUMMARY
- Class A suburban Seattle office building built in 2001 – 50,954 sq. ft.
- 100% leased to Digeo Broadband, a start-up company backed by Paul Allen, Time Warner Cable and Charter Communications
- Located within one mile of Microsoft’s corporate headquarters

PURCHASE RATIONALE
- Seven years remaining on original 10-year lease
- Lease secured by $3 million Letter of Credit from Bank of America
- Initial going-in cash-on-cash yield of 12.5% and projected seven-year IRR of 13.8%

EXIT STRATEGY
- Hold for seven years to realize very high annual cash-on-cash returns, and sell after lease is extended or new tenant is secured

TRANSACTION STATISTICS
- Purchase Date – Aug. 18, 2004
- Purchase Price – $14.5 MM
- Initial Equity – $5 MM
- Current Estimated Value – $16 MM*

* based on Falcon estimate
228-240 Post Street  San Francisco, California  Retail

**INVESTMENT SUMMARY**
- High quality four-story retail building
- Leased to up-scale retailers Anne Taylor, Louis Vuitton and Bernini
- In the Union Square retail area of San Francisco, one of the highest quality shopping districts in the US

**PURCHASE RATIONALE**
- Louis Vuitton and Bernini leases due to expire
- Bring in new leasing agent specializing in Union Square properties
- Value enhancement by re-tenanting at higher rents
- Planned re-financing after re-tenanting to realize excess loan proceeds

**EXIT STRATEGY**
- Sale planned at time of maturity of new loan put in place after re-tenanting

**TRANSACTION STATISTICS**
- Purchase Date – March 20, 1998
- Purchase Price – $30.5 MM
- Initial Equity – $10.7 MM
- Date of Sale – July 14, 2006
- Sale Price – $45.8 MM
- IRR – 24.2%
Saks Men’s Store  San Francisco, California  Retail

**INVESTMENT SUMMARY**
- High quality retail building at 220 Post Street in the Union Square retail area of San Francisco
- Long-term lease to Saks Fifth Avenue for their men’s department
- Immediately adjacent to already-owned 228-240 Post St.

**PURCHASE RATIONALE**
- Predictable cash flow from long-term lease to Saks
- Management efficiencies from owning adjacent buildings
- With space on Post Street in great demand, owning two adjacent buildings might be attractive to large retailer

**EXIT STRATEGY**
- Consider sale after five years when Saks rental increase goes into effect, or sell in combination with 228-240 Post St.

**TRANSACTION STATISTICS**
- Purchase Date – May 21, 2003
- Purchase Price – $31.2 MM
- Initial Equity – $11 MM
- Date of Sale – July 27, 2006
- Sale Price – $42 MM
- IRR – 21.8%
Woodinville Towne Center  Woodinville, Washington  Retail

**INVESTMENT SUMMARY**
- 120,566 square foot neighborhood shopping center in suburban Seattle, Washington
- Only 60% leased at time of purchase
- Acquired from a bank-managed real estate fund that was in the process of liquidation

**PURCHASE RATIONALE**
- Ability to assume existing mortgage debt
- Well-located retail center in growing suburban area
- Reposition the center by replacing the relatively weak anchor tenant and renovating the property
- New leasing program put in place to increase occupancy

**EXIT STRATEGY**
- Plan to sell after new anchor tenant in place and occupancy reaches 95% level
- QFC (a Kroger company) brought in as new anchor and occupancy increased to 96%

**TRANSACTION STATISTICS**
- Purchase Date – Feb. 22, 1996
- Purchase Price – $9 MM
- Initial Equity – $1.1 MM
- Date of Sale – July 1, 2004
- Sale Price – $18.5 MM
- IRR – 40.1%
Alameda County Courthouse
Pleasanton, California  Office

INVESTMENT SUMMARY
- Municipal building for Alameda County – 55,665 sq. ft.
- 100% leased for Superior Court of California
- Located is very desirable Hacienda Business Park

PURCHASE RATIONALE
- Original long-term lease to credit quality tenant
- Highly unlikely that County will elect to move to another location
- Provides above average annual income return

EXIT STRATEGY
- Tenant expected to sign new lease through 2012
- This asset considered to be a long-term hold

TRANSACTION STATISTICS
- Purchase Date – Feb. 28, 1990
- Purchase price – $8.2 MM
- Initial Equity – $2.7 MM
- Current Estimated Value – $12.7 MM*

Gresham Square Shopping Center
Gresham, Oregon  Retail

INVESTMENT SUMMARY
- 126,000 square foot neighborhood shopping center in suburban Portland, Oregon
- Only 61% leased at time of purchase
- Purchased at Bankruptcy Court ordered sale

PURCHASE RATIONALE
- 3 to 5 year plan for re-positioning the property
- Extensive renovation program required for exterior of property
- New leasing program put in place

EXIT STRATEGY
- Plan to sell property when leasing exceeds 90% (currently at 86%)
- Sale expected to occur in 2008

TRANSACTION STATISTICS
- Purchase Date – July 28, 2003
- Purchase price – $9.3 MM
- Initial Equity – $4.4 MM
- Current Estimated Value – $11.5 MM*

* based on Falcon estimate