

# CONFIDENTIAL INVESTMENT MEMORANDUM 80286



## THE CHAPARRAL COURT SHOPPING CENTER

**WELLS  
FARGO**

PRESENTED BY: BRUCE MARSHALL & GLEN BERHOW  
5057 KELLER SPRINGS ROAD, SUITE 110  
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DATAVEST | SPERRY VAN NESS

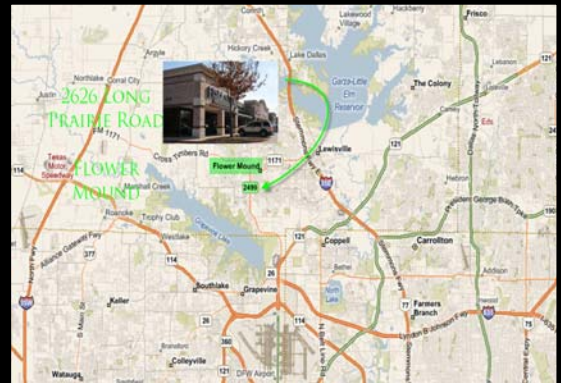
# CHAPARRAL COURT SHOPPING CENTER

2628 LONG PRAIRIE ROAD | FLOWER MOUND, TEXAS 75028 | LISTING 80286

PROJECT TYPE:	MULTI-TENANT RETAIL
BUILDING SIZE	18,763
LAND AREA IN ACRES	2.64
LAND AREA IN SQUARE FEET	114,786
PROPERTY SALES PRICE	\$3,950,000
ANTICIPATED FIRST MORTGAGE LOAN	\$1,793,767
PROPOSED EQUITY CAPITAL CONTRIBUTION	\$2,156,233
PROPOSED EQUITY CAPITAL REQUIREMENT	\$210.52
EQUITY AS A % OF PURCHASE PRICE	54.59%
DEBT AS A % OF PURCHASE PRICE	45.41%



NET OPERATING INCOME IN 2009	\$364,712
NET OPERATING INCOME IN 2010	\$369,621
LEASE TYPE	NNN
OPERATIONAL EXPENSE BASE PAID BY TENANT	\$6.35
ANTICIPATED FIRST LIEN MORTGAGE INTEREST RATE	6.00%
ANTICIPATED FIRST LIEN AMORTIZATION	25
ANTICIPATED FIRST MORTGAGE LOAN CONSTANT	0.077316
CURRENT OCCUPANCY	100.00%
FIVE YEAR REVERSION PROFIT	\$2,359,936
PROJECTED 2010 CAP RATE	9.36%



5 YEAR INTERNAL RATE OF RETURN	16.94%
10 YEAR INTERNAL RATE OF RETURN	19.74%
ANTICIPATED CASH FLOW IN 2010	\$231,184
AMORTIZATION ON FIRST LIEN	\$56,269
TOTAL YIELD 2010 INCLUDING PRINCIPAL	\$82,419
PRO-FORMA CASH-ON-CASH RETURN 2010	10.72%
TOTAL YIELD 2010 INCLUDING PRINCIPAL	13.33%



FOR FURTHER INFORMATION CONTACT:

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ACQUISITION COST | PROJECT INCOME | EXPENSE ANALYSIS  
 CHAPARRAL COURT SHOPPING CENTER

1	Property Type	-	Loan	-	Loan	Multi-Tenant Retail
2	Year Built	-	Rate	-	Term	2001
3	Project Square Footage	-	6.00%	-	25	18,763
4	Land Area Square Footage	-	-	-	-	114,786
5	Current Occupancy	-	-	-	-	100.0%
6	Project Purchase Price	-	Per SF	-	Percent	Pricing
7	Assumable First Mortgage	-	\$210.52	-	100%	\$3,950,000
8	Contemplated Equity Requirement	-	\$95.60	-	45%	(\$1,793,767)
		-	\$114.92	-	55%	\$2,156,233

9	Income Statement Synoptic Overview	Current/Month	Per NSF	[2009 @ 100%]	%	[2010 @ 100%]	Per NSF	[2011 @ 100%]
10	Rent on Leased Space	30,407	\$19.45	364,884	75.00%	369,871	\$20.04	376,006
11	Rent on Vacant Space	0	\$0.00	0	0.00%	0	\$0.00	0
12	Total Rental Income	30,407	\$19.45	364,884	75.00%	369,871	\$20.04	376,006
13	Other Income	9,917	\$6.34	119,006	25.00%	122,258	\$6.68	125,314
14	Potential Gross Income	40,324	\$25.79	483,889	100.00%	492,129	\$26.72	501,321
15	Vacancy Factor/Collection Loss	0	100.00%	0	0.00%	0	\$0.00	0
16	Effective Gross Income	40,324	\$25.79	483,889	100.00%	492,129	\$26.72	501,321
17	Operational Expense [Repair & Maintenance]	(747)	(\$0.48)	(8,967)	-1.80%	(8,967)	(\$0.48)	(9,000)
18	Operational Expense [Janitorial]	(1,204)	(\$0.77)	(14,448)	-2.89%	(14,448)	(\$0.77)	(14,500)
19	Operational Expense [Contract Services]	0	\$0.00	0	0.00%	0	\$0.00	0
20	Operational Expense [Utilities]	(1,326)	(\$0.85)	(15,908)	-3.19%	(15,908)	(\$0.85)	(16,000)
21	Operational Expense [Management Fees]	(1,752)	(\$1.12)	(21,022)	-4.19%	(21,022)	(\$1.12)	(21,025)
22	Operational Expense [Insurance]	(321)	(\$0.21)	(3,855)	-0.80%	(3,855)	(\$0.21)	(4,000)
23	Operational Expense [Property Taxes]	(4,301)	(\$2.75)	(51,616)	-10.82%	(51,616)	(\$2.89)	(54,233)
24	Operational Expense [General & Administrative]	(14)	(\$0.01)	(171)	-0.05%	(171)	(\$0.01)	(250)
25	Operational Expense [Non-Billback Expenses]	(266)	(\$0.17)	(3,191)	-0.70%	(3,191)	(\$0.19)	(3,500)
26	Capital Expense [Capital + Misc. Reserves]	0	\$0.00	0	0.00%	0	\$0.00	0
27	Sub-Total Operational Expenditures	(9,931)	(\$6.35)	(119,177)	-24%	(122,508)	(\$6.69)	(125,571)
28	Net Operating Income <N.O.I.>	30,393	\$19.44	364,712	74.95%	369,621	\$20.03	375,750
29	Less First Mortgage Debt Service	(11,557)	6.00%	(138,687)	-27.66%	(138,687)	(\$7.39)	(138,687)
30	Net Cash Flow	18,835	Years	226,025	47.29%	230,933	\$12.63	237,063
31	First Year's Principal Reduction on Loan	4,160	\$2.66	49,921	11.92%	56,269	\$3.18	59,739
32	Cash Flow Plus 1st Years Principal Reduction	22,995	\$14.71	275,946	59.20%	287,202	\$15.82	296,802
33	NOI as a % of Acquisition Cost [Cap Rate]	<Unleveraged>	-	9.23%	-	9.36%	-	9.51%
34	Cash-On Cash Return	<Leveraged>	-	10.48%	-	10.71%	-	10.99%
35	Additional Yield Return [Principal Reduction on First Lien]	<Leveraged>	-	2.32%	-	2.61%	-	2.77%
36	Total Annual Return [Cash-on-Cash + Principal Reduction]	<Leveraged>	-	12.80%	-	13.32%	-	13.76%
37	Project Internal Rate of Return <5 Yr. & 10 Yr.>	<Leveraged>	-	-	-	16.94%	-	19.74%

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## Summary of Salient Facts on SVN Listing 80286

“Deal Cliff Notes”

**Property Address:** 2628 Long Prairie Road, Flower Mound, Texas 75028

**Property Type:** Multi-Tenant Retail

**Year Built:** 2001

**Building Size:** 19,650 Square Feet [Gross]  
18,763 Square Feet [Net Rentable Area]

**Parking:** 113 Spaces [6/1000]

**Tax Parcel:** 232194

**Lease Status:** 100% Leased

**Lease Basis:** NNN.

**Anchor Tenants:**



**Land Area:** 114,784 Square Feet [2.3651 Acres]

**Purchase Price:** \$3,950,000

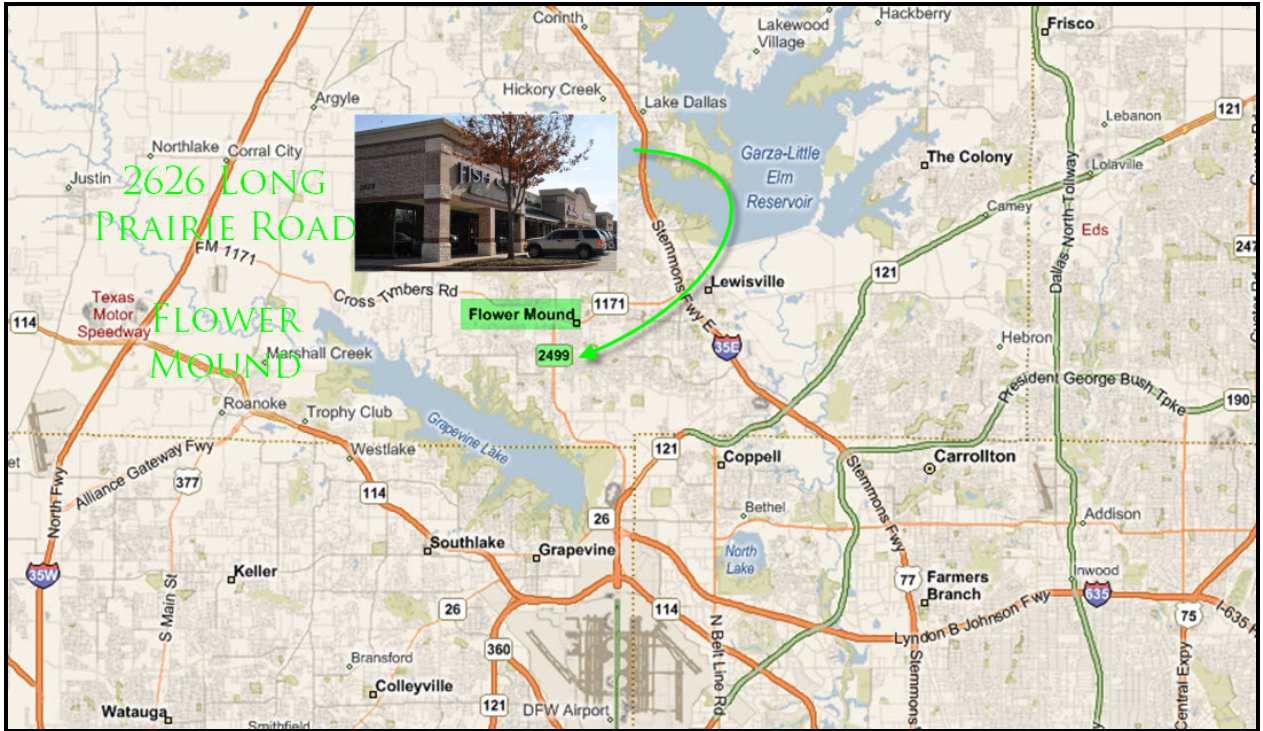
**Price Per S. F. :** \$201.02 Per Gross SF \$211 Per Net Square Foot

**Anticipated Debt:** \$1,793,767 [45%] 6.00% @ 25 Year Amortization [Loan Assumption]

**Equity Required:** \$1,981,233 [55%] Anticipated

**Cap Rate:** 9.36%

### Project Location:



### Property Aerial Graphic





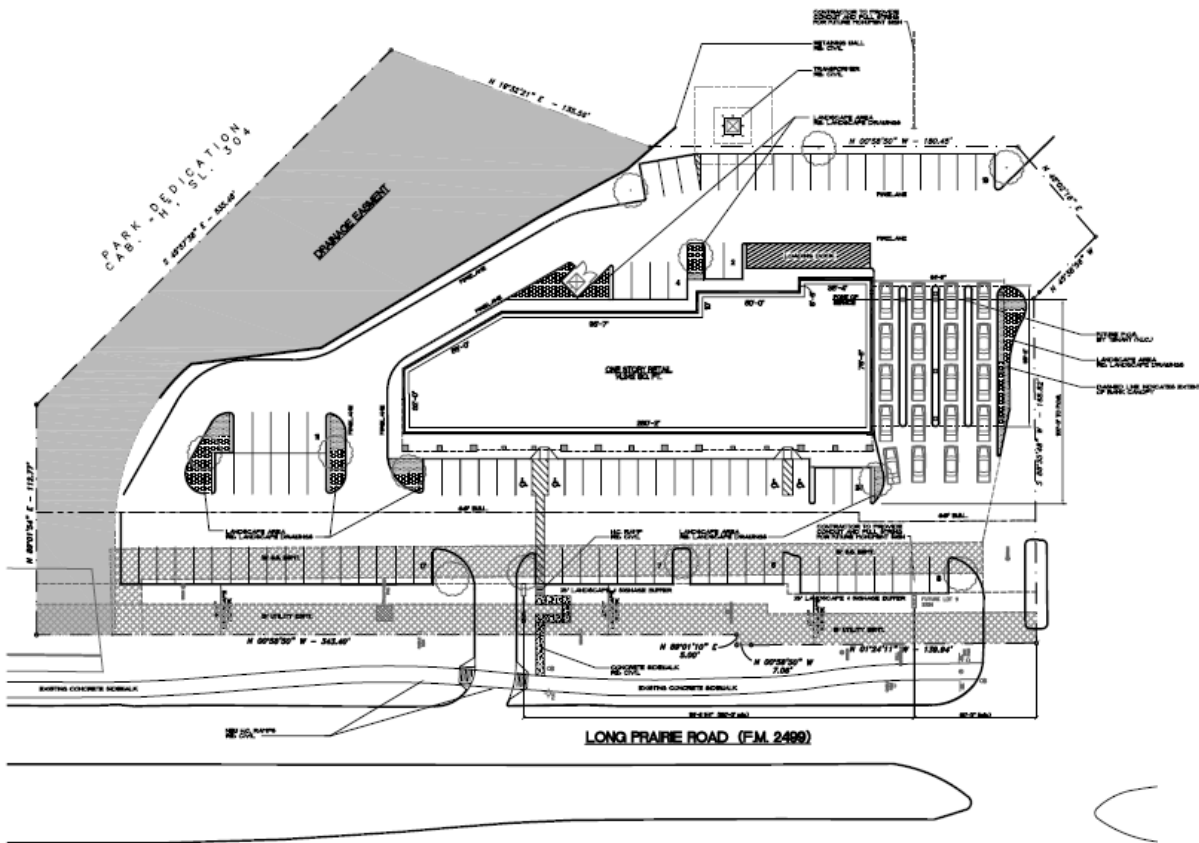
### Retail Income Analysis Review:

<b>Occupancy</b>	@ 100% Occupancy		@ 100% Occupancy		@ 100% Occupancy	
Base Office Rent:	2009:	\$ 364,884	2010:	\$ 369,871	2011:	\$ 376,006
NNN Reimbursements:	2009:	\$ 119,006	2010:	\$ 122,258	2011:	\$ 125,314
Gross Income:	2009:	\$ 483,889	2010:	\$ 492,129	2011:	\$ 501,321
Operating Expenses:	2009:	\$ 119,117	2010:	\$ 122,508	2011:	\$ 123,571
<b>NOI:</b>	<b>2009:</b>	<b>\$ 364,712</b>	<b>2010:</b>	<b>\$ 369,621</b>	<b>2011:</b>	<b>\$ 375,750</b>
Debt Service:	2009:	\$ 138,687	2010:	\$ 138,687	2011:	\$ 138,687
Cash-Flow:	2009:	\$ 226,025	2010:	\$ 230,933	2011:	\$ 237,063
Amortization:	2009:	\$ 49,921	2010:	\$ 56,629	2011:	\$ 59,739
Total Benefits:	2009:	\$ 275,946	2010:	\$ 287,302	2011:	\$ 296,802
Cash-On-Cash:	2009:	10.48%	2010:	10.71%	2011:	10.99%
Amortization:	2009:	2.32%	2010:	2.62%	2011:	2.77%
Total Yield:	2009:	12.80%	2010:	13.32%	2011:	13.76%

**Property Description:**

The subject property consists of an attractive single one-story multi-tenant retail facility. The property has a brick exterior and anodized glass store front exteriors. Parking is provided for 113 vehicles in a ratio of 6.00 per 1,000. The project is well landscaped and the parking is all-concrete surface parking.

**Property Site Plan:**







*Looking Northeast onto the Chaparral Court Shopping Center.*





*Exterior Views of the diverse project tenancy at Chaparral Court.*





*Wells Fargo is the anchor tenant of the Chaparral Court Retail Center.*





*Views of the all brick exteriors of the center and the Wells Fargo Motor Bank.*





This Texas Road House Restaurant characterizes the upscale retail market.

**Locational Data:** Chaparral Court is located in the community of Flower Mound, Texas. This location is situated approximately 10 minutes from the entrance of the Dallas Fort Worth International Airport.



Flower Mound is an extremely affluent community with an average household income of \$91,713. Daytime population within a five mile radius is 486,208. Flower Mound has a very tightly controlled development board which makes new development in the community very difficult minimizing potential development competition to the subject property. Various recreational facilities exist throughout the community. These include three very attractive golf courses, Tour 18 a replica of the most famous PGA holes in the country and Bridlewood designed by tour professional D.A. Wiebring and the Cowboy's Golf Club. Flower Mound is situated on the north border of Lake Grapevine.





The property is likewise within close proximity to the Cowboys Golf Club and excellent commercial areas including the Gaylord Texan Hotel and Convention Center.



**Vehicular Access:** The subject property is located on F.M. 2499 or Long Prairie The Texas Department of Highways is currently adding two additional lanes on F.M. 2499 making this a divided six lane traffic artery. F.M. 2499 links into F.M. 1171 known also as Cross Timbers Road which is also known as Main Street in Lewisville about ½ mile to the South. The property is situated approximately 1 mile north of F.M. 3040 which is Flower Mound Road. Major East west vehicular accessibility is provided by SH 121 and SH 114 to the South and Loop 635 which provides access into north Dallas.



A Picture of the Gaylord Texan atrium areas.



A Picture of the Riverwalk Café in the Gaylord Texan.

**Retail Shopping:** Major shopping is provided at the Grapevine Mills Mall, which is situated at SH 114 an SH 121. Major tenants in the mall include Abercrombie & Fitch, Bass Pro Shops Outdoor World, Ann Taylor Loft, Bed Bath and Beyond, Brookstone, Footlocker, Bennigan’s, Marshall’s and J.C. Penny. Major hotels in the area include an Embassy Suite Hotel, the DFW Airport Hilton Conference Center and the Gaylord Texan.



**Restaurants:** The subject property is located near numerous restaurants including Chili’s, The Riverwalk Café, Sonic, Texas Road House Steakhouse, the Rain Forest Café, and La Madeline.

**Major DFW Area Employers:** Major Defense Contractors/Employers in the area include Lockheed Martin (15,500 employees),

**Defense Contractors:**



Lockheed Martin was recently awarded a \$200 Billion Joint Strike Fighter contract during 2001 for the development of jet fighters. This will create thousands of direct jobs for the surrounding community residents.

**Defense Contractors:**



Raytheon (8,000 employees)



Bell Helicopter Textron (5,700 employees)



Vought Aircraft (3,549 employees)



Boeing (2,500 employees)

**Other DFW Employers:**

Other major DFW area employers include Bank of America



Bank of America (8,700 employees)





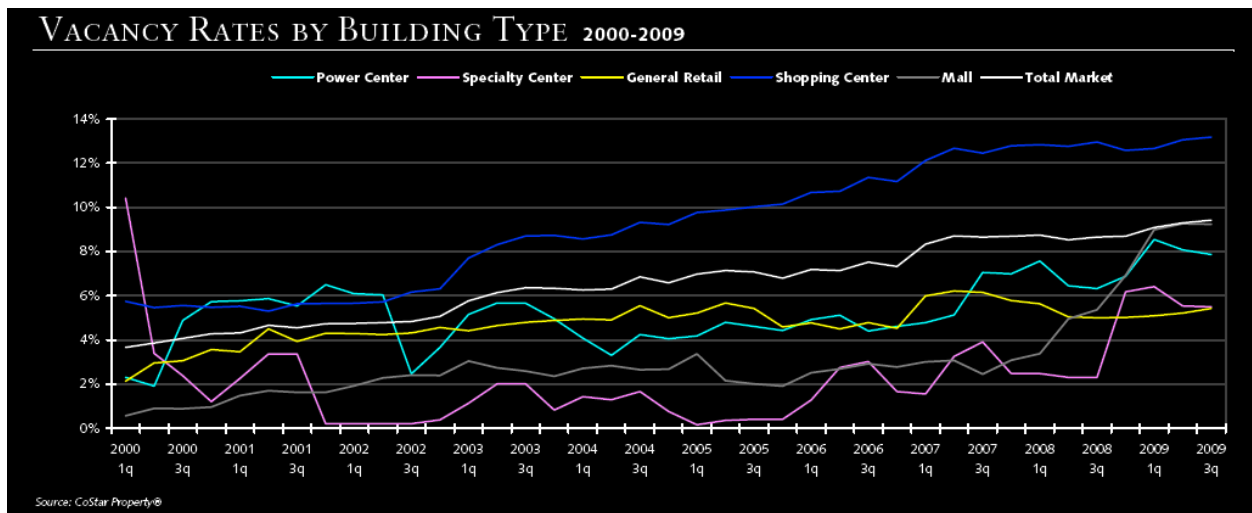
Bank one of Texas / JP Morgan Chase (8,450 employees), TXU Corporation (7,778 employees), Halliburton (1,935 employees) and Exxon Mobil (1,200 employees), Electronic Data Systems (8,814 employees), Affiliated Computer Services (5,000 employees), Perot Systems, 1,980 employees, IBM Corporation (5,000 employees), Radio Shack (4,418 employees), Nortel Networks (6,000 employees, Alcatel USA (5,000 employees), AT&T (4,250 employees), Ericsson (1,700 employees), AMR Corporation (American Airlines with 29,969 employees) and Texas Instruments (10,100 employees).



**Retail Market Overview:**

Chaparral Court Retail has consistently maintained a 100% occupancy level since its construction. This is due in part to its excellent location and its proximity to the high-end residential areas of Flower Mound.

The Dallas Retail Market has a current 9.4% vacancy factor. Rental Rates have been increasing by \$.10 per square foot. A view of the occupancy by product type is pictured in the following graphic:



**Flower Mound Retail:**

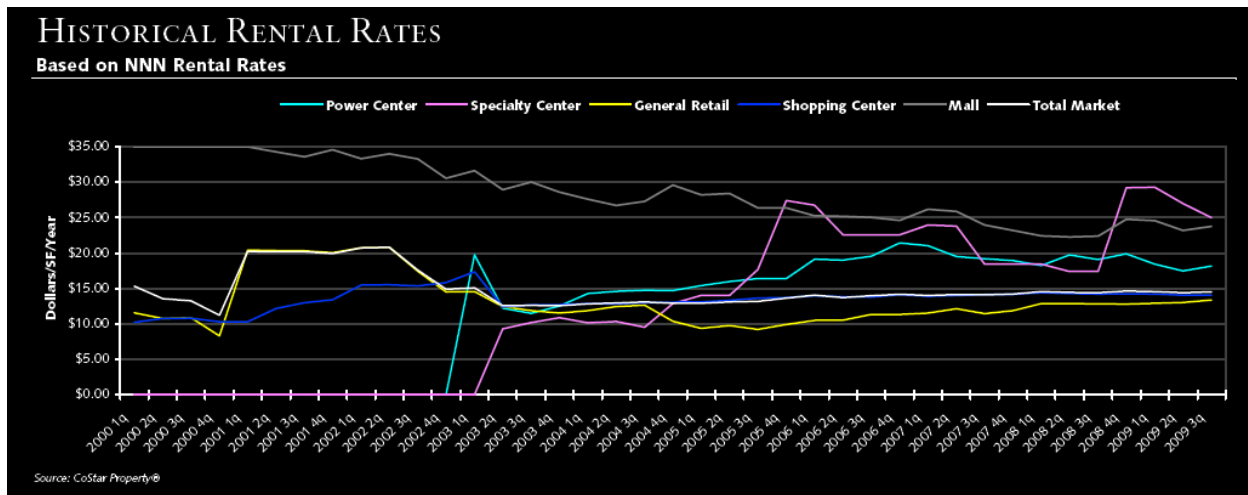
The Flower Mound retail market remains consistently strong. A view of the Flower Mound sub-market follows. Average Rental Rate of this sub-market irrespective of property age and location reflects a \$20.20 NNN rental rate and a 12.8% vacancy factor:

## GENERAL RETAIL SUBMARKET STATISTICS

Third Quarter 2009

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Flower Mound Ret	8	54,839	7,000	7,000	12.8%	(7,000)	0	0	\$20.20

**Historical Rental Rates:** A view of the rental rate history by product type is depicted below:

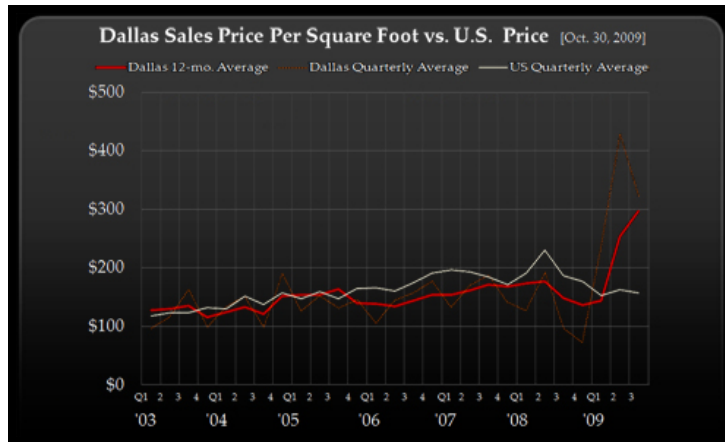
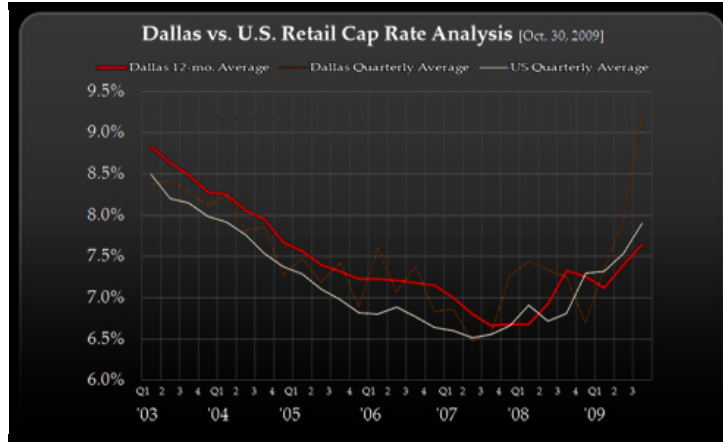


### Cap Rates:

The average cap rate of these comparables reflected a 7.92% capitalization rate. Cap rates have been decreasing according to Costar in 2009 from 2008. The average cap rate of all retail properties reflected a 7.9% cap rate. In 2009 there were 18 retail properties sold for an aggregate sales volume of \$62,950,000. This compares to the 2008 same quarter sales volume of \$294,965,050. A recent sales comp on a 88,000 square foot retail facility sold in June of 2009 in Fort Worth reflected a 8.85% cap rate. The proposed going in cap rate of 9.66 and the 2010 anticipated cap rate of 9.79% is a very attractive yield for a prospective investor given the excellent quality construction of the asset and the strong location of the property and its proximity to the high demographic profile of Flower Mound.

**Cap Rates:**

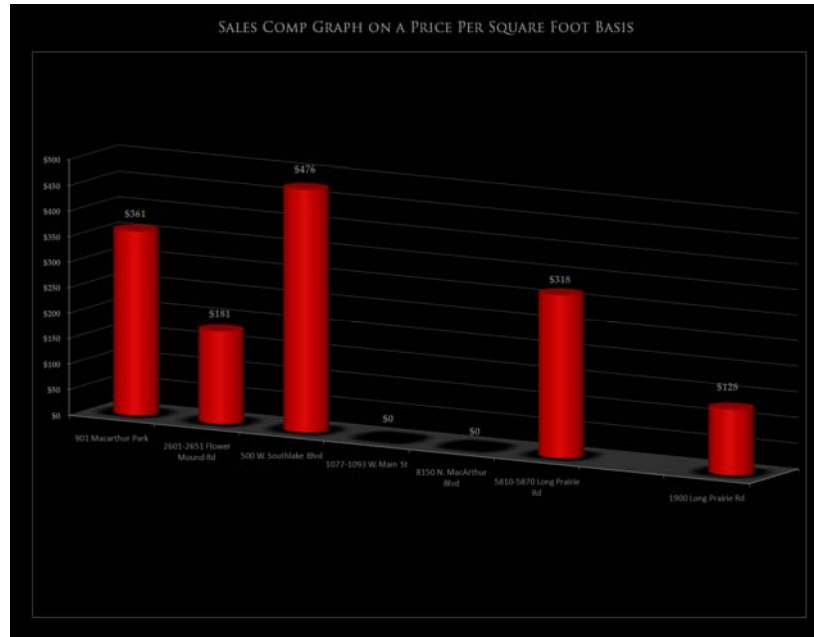
Real Capital Analytics contrasts Dallas versus U.S. Retail Sales Prices and capitalization rates below:



**Sales Cop Review:**

Sales Prices of shopping centers ranged from \$128.00 per square foot to a high of \$476 per square foot. Of the sales comparables surveyed the average sales price per square was \$292.79. The proposed sales price of \$201.19 per square foot is reasonable. Factors that need to be taken into consideration when comparing this asset to other sales comparables is the relatively recent construction date of this property and its all-brick quality construction. Locational advantages of this property with its direct exposure on Long Prairie Road, the main arterial through the community of Flower Mound and the project proximity to the excellent high-end

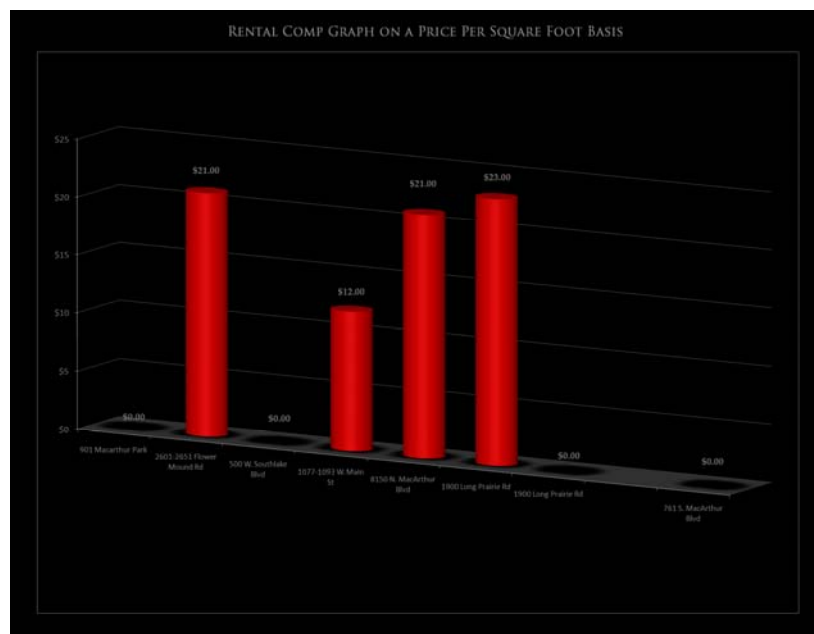
Flower Mound demographic profile also make the proposed pricing of this set very attractive for a prospective purchaser.



**Rental  
Comp Review:**

Rental Comparable surveys of the immediate Flower Mound Retail Market vary from \$12.00 to \$23.00 per square foot NNN.

Chaparral Court has an average rental rate of Rental Comparable surveys of the immediate market comparables reflect a vacancy factor of 8.43%. The property is and has been consistently run at a 100% occupancy level since its construction in 2001. A graphic of the rental comparables survey is depicted below:



**Terms of Sale:** \$3,950,000 (All Cash to the Seller). This property should be treated as free and clear. Anticipated financing on the project contemplates a First Mortgage Loan representing 55% of the purchase price could be arranged by the purchaser as there is no underlying financing on the subject property which is assumable.

**Anticipated First Lien Loan Terms:**

Original Principal Loan Amount	\$2,100,000 [Balance @ \$1,793,767]
Interest Rate	6.00%
Loan Inception Date:	June 1, 2003
Loan Expiration Date:	July 1, 2013
Amortization	25 Years
Monthly Principal & Interest	\$13,530 per month
Annual Principal & Interest	\$138,687 per year

Mortgagee: Wells Fargo

Loan Assumption Fee: 1%

Anticipated Defeasance Cost Breakdown:

Defeasance Premium	\$ 237,054
Processing Fee	15,000
Custodian Fee	5,500
Commercial Defeasance Fee	41,000
Security Cost + Defeasance + Payoff	\$2,086,565

**Sale on “Where Is As Is Basis” Only:** Sellers are selling the subject property on a “*where is as-is*” condition basis only. Projections and Income Estimates are to be fully researched by potential purchasers during the due diligence period. Estimates of Income Projections or Expenses may or may not be obtained and the burden of such achievement shall be the full responsibility of Purchaser and not subject to any representations express or implied by Seller or Seller’s agent Sperry Van Ness.

**Ownership:** Chaparral Court, Ltd. [ A Texas Limited Partnership]  
c/o DataVest, Inc.  
5057 Keller Springs Road, Suite 110  
Addison, Texas 75001

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## Financial Data

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