

# 2007 TIC DIRECTORY

Austin City Lights, Austin, Texas



## Capital Crunch Squeezes Industry

Tenant-in-common sponsors encounter  
higher debt costs and declining demand.

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# Capital Crunch Squeezes TIC Industry

Tenant-in-common sponsors encounter higher debt costs and declining demand.

By Beth Mattson-Teig

Many users of the popular tenant-in-common (TIC) investment vehicle in commercial real estate are hoping they have the stamina to withstand a double blow — more expensive debt financing and a pullback in buyer demand. Turmoil in the debt markets has slammed the brakes on what had been a booming business.

The implosion of the subprime lending market in residential real estate first began to emerge in February, throwing the debt markets into a tizzy globally. Months later that downturn spilled into the commercial mortgage-backed securities (CMBS) market as bond buyers grew ever more skittish.

The much wider spreads that began surfacing in the CMBS market in July have thrown TIC sponsors for a loop as they scramble to line up alternative financing sources and reprice deals.

Still, the first-half figures for deal volume mask the market turbulence. During the first six months of 2007, the TIC market was rolling along at a healthy clip

with only a slight dip in equity pouring into the market. Securitized TIC sponsors — those that sell TICs as securities in accordance with the Securities and Exchange Commission regulations — raised \$760 million in the first quarter and \$875 million in the second quarter, reports Omni Consulting and Research in Salt Lake City, Utah.

Although still a sizable chunk of change, the \$875 million of equity raised in this year's second quarter was down from peak levels reached in the latter half of 2005 and early 2006 — including three consecutive quarters that surpassed the \$1 billion mark.

“Until we had the subprime market go haywire on us, we were on track to have another increase in the third quarter,” says Manual Nogales, vice president at Omni Consulting.

#### Driving forces behind TICs

The TIC structure enables an investor to own an undivided fractional interest in a property in one of two ways: TIC

interests can either be sold as securities by registered representatives, or TICs can be structured as real estate deals that are not bound by SEC rules.

Many small real estate investors prefer TICs because they provide an opportunity to purchase a stake in higher-quality properties than what they could afford on their own. Investors also like the prospects of a predictable income stream and minimal management responsibilities.

This investment vehicle is fueled predominantly by investors who are pursuing TIC properties as part of a 1031 exchange in order to defer capital gains taxes from the sale of another property. The vast majority of TIC investors are selling residential properties such as rental homes, duplexes and small apartment buildings.

#### Ripple effects of subprime

A slowdown in the residential sector has had an immediate effect on the TIC industry. In recent months, equity pouring into TICs has fallen off as the volume of existing home sales — which dropped

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8.5% in 2006 — is forecast to drop another 6.8% in 2007, according to the National Association of Realtors.

“There absolutely has been a slowdown in exchange buyers in the last 24 months,” says Bernie Haddigan, a managing director at brokerage Marcus & Millichap Real Estate Investment Services in Atlanta. Although data on the national volume of 1031 activity is scarce, Haddigan estimates that the number of 1031 transactions is down 25% to 40% compared with 2005.

That slowdown has been most noticeable in California and Florida. Soaring residential property values that fueled significant sales activity in the Golden State have flattened in the past two years, subsequently cooling the white-hot 1031 market. At the same time, rising insurance premiums and the softening condo market have contributed to slower 1031 activity in Florida, Haddigan notes.

Despite the cracks beginning to appear on the demand side, some of the biggest TIC sponsors say they have yet to experience a decline in business activity. How could that be?

Top sponsors such as Argus Realty Investors LP of San Clemente, Calif., have benefited from a significant decline in active TIC sponsors. Currently, there are about 40 to 50 active sponsors in the

securitized TIC market compared with about 70 a year ago — a drop of more than 40%, according to Omni.

“On a broad scale, the TIC industry has been ticking right along,” explains Tim Snodgrass, president of Argus. “This year, we’ve closed on four properties, and business has been robust.”

For example, Argus purchased the \$160 million Wachovia Center in downtown Raleigh, N.C., in March, raising \$42 million in TIC equity in just 30 days. Although activity at Argus is on par with the level of activity in 2006, most securitized TIC sponsors have averaged only one to two deals year to date.

## Survival of the fittest

The higher cost of borrowing is expected to narrow the field of sponsors even further in the coming months. CMBS lenders that are still quoting deals have increased spreads from 105 to 120 basis points over the 10-year Treasury yield to about 200 basis points over the past few months. For example, a loan that was priced at 6% several weeks ago is now priced at about 6.8%.

Sponsors tend to favor CMBS money because its trademark tight spreads make it one of the cheapest sources of debt. The higher-priced capital is a death knell to acquisitions that were already offering

slim returns due to intense competition in the commercial real estate arena.

“The bull’s-eye of hitting cash-on-cash returns is so narrow that even the slightest shift in the cost of debt financing will make that property no longer viable for the TIC marketplace,” says Nogales of Omni Consulting.

Although there are already deals in the pipeline that have locked in debt financing, the impact of those lending hurdles will begin to emerge at the end of the third quarter. “We will see deals tabled while the lending situation is resolved and sponsors wait for the marketplace to level out,” he says.

## Dwindling pipeline

Debt financing constraints are already affecting the pipeline of TIC offerings. “Those sponsors that didn’t lock loans aren’t going to do those deals,” says Snodgrass of Argus. Even those sponsors that have rates locked on pending loans are concerned that financing may fall through due to lack of liquidity in the CMBS market.

Argus, for example, has four TIC deals in the pipeline valued at about \$350 million. “Even if you have a locked loan, that doesn’t mean it will be easy to get it closed,” Snodgrass says.

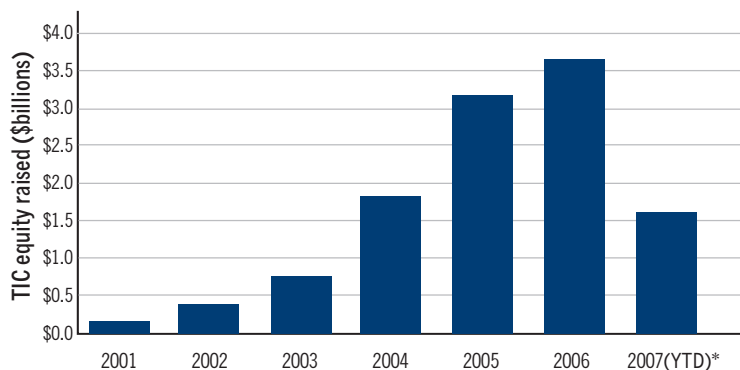
So far it appears that those loans are going forward, but ultimately financing will be subject to activity in the broader capital markets. “Some of our deals might not make it. If there is another glitch in the market, it doesn’t matter how much you rate lock,” Snodgrass says.

Although TICs are still working hard to uncover potential deals that make economic sense, the reality is that the higher capital costs have sidelined many sponsors. In a market where returns are already extremely tight, it is difficult to find deals that are economically feasible.

Many sponsors are sitting back and waiting for the dust to settle in the shape of a stabilized CMBS market or a drop in property pricing — whichever comes first. “What I hope is going to happen is

## MODERATING GROWTH IN TIC EQUITY

Between 2001 and 2005, the average yearly growth in TIC equity raised was 52%. In 2006, however, the growth was a comparatively modest 13%. The combination of a slowdown in the residential market and the higher cost of capital is leading to reduced deal volume.



\* year to date through June

Source: Omni Consulting & Research

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that sellers are going to realize that the 6.5% cap rate that was there a few months ago is now a 7.5% cap rate,” Snodgrass says. “The only way that will happen is if they test the waters and there are no buyers.” (The cap rate is the buyer’s return in the first year of ownership based on the property’s net operating income and the purchase price.)

## Size really does matter

Challenges on both the equity and debt side will create an even greater divide between the larger, sophisticated sponsors and the smaller firms that don’t have the resources to sustain volatility in the market.

“At SCI, we are raising more equity than we ever have in the history of the company,” says Marc Paul, president and co-founder of SCI Real Estate Investments, a real estate investment firm and TIC sponsor based in Los Angeles. In 2006, SCI purchased nearly \$500 million in real estate.

Although Paul concedes that hitting its original \$800 million acquisition target for 2007 will be difficult due to debt constraints, demand remains strong. TIC investors continued to show a voracious appetite for SCI’s Class-A properties — despite cap rates dipping below 6%.

In fact, Paul expects SCI to benefit from the debt crunch in the short term as demand heightens for the limited inventory of available TIC properties. SCI had locked loans on the acquisition of five new properties in early July. Even though lenders went back and repriced those deals at a higher rate — about 30 basis points higher, the end rates were still much cheaper than debt that is available today, Paul notes.

For example, SCI is marketing Austin City Lights, a 352-unit Class-A luxury apartment complex in Austin, Texas, that it acquired for \$40 million. SCI is raising \$20.1 million in equity, with minimum investments of \$250,000. The property was purchased at a 6.13% cap rate, and expects to deliver a 5.56% cash-on-cash yield in year one.

Those sponsors that have offerings on the market are going to benefit from the existing demand because they have lower-cost financing in place. “There is a good amount of equity out there that is going to look for a home — especially in the short term over the next 30 to 90 days,” says Aaron Cook, executive vice president and national sales manager at CORE Realty Holdings, a securitized sponsor based in Newport Beach, Calif.

CORE currently has two TIC deals on the market, one of which is an offering for a \$26 million retail property on the West Coast. Cook expects the property to fully commit the equity portion relatively quickly, in large part because the deal features an interest-only loan for seven years — financing that is impossible to find in the current market.

The sponsor has four additional deals in its pipeline that are still feasible today, even with higher financing rates. CORE tends to include ample capital for property expenditures in its underwriting, so there was a cushion already in place to absorb this financing hit, Cook notes. CORE also is exploring financing options other than the currently pricey CMBS lenders, including life insurance companies, banks and other balance-sheet lenders.

## Lowered expectations

There is no doubt that the TIC industry faces a number of daunting hurdles in the coming months. Although Omni was originally predicting that securitized sponsors would raise \$4.5 billion in equity in 2007, Nogaes estimates that volume will likely be lower — between \$3.2 billion and \$3.8 billion due to current market constraints.

It is difficult to predict how much equity the industry will raise in 2008. “The

longer it takes the capital markets to settle down, the bigger the hit we will see on the equity side in the coming year,” Cook says. “And I don’t think it will be a short-term fix in the capital markets. It will likely be the first quarter of 2008 before the capital markets calm down and become less volatile with greater liquidity.”

Those sponsors that can weather the storm will be in a strong position once the market stabilizes. Some industry observers point out that a growing investor pool will help to offset the hit the TIC industry is taking from the slowing residential market. Another factor that will help fuel investment dollars to the TIC industry is a growing distribution network.

“The TIC marketplace is becoming more established and recognized by traditional advisors,” says Omni’s Nogaes. “So even though the interest from 1031s has slowed down, the number of investors and advisors who are aware of this product is growing proportionately.” ■



Argus Realty Investors bought Wachovia Capitol Center in Raleigh, N.C. in March. The securitized TIC sponsor raised \$42 million in equity for the 30-story, Class A-office tower in just 30 days.

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COMPANY	STATE	TYPE	COMPANY	STATE	TYPE
1031 & TIC Investments	MN	Registered Rep	Beltz Real Estate	MN	Real Estate Broker/Rrep
1031 Advance, Inc.	CA	Qualified Intermediary	Benson & Thomas Wealth Management	TN	Registered Rep
1031 Advanced Realty Exchange LLC	TX	Registered Rep	Berthel Fisher & CO.	IA	Broker Dealer
1031 Adviser, Inc.	UT	Registered Rep	BGK-Integrated Group	NM	Sponsor
1031 Advisors USA	CA	Registered Rep	BILL HOOP	CA	Broker Dealer
1031 Exchange Alternatives	MI	Registered Rep	Blue Oak 1031 Advisors LLC	SC	Registered Rep
1031 Exchange Coordinators	WA	Qualified Intermediary	Blue Oak Wealth Management	SC	Registered Rep
1031 Exchange Options	CA	Registered Rep	Bluerock Real Estate LLC	NY	Real Estate Broker
1031 Exchange Solutions LLC	CA	Registered Rep	Blue Square	PA	Real Estate Broker
1031 Exchange Strategies, Inc.	CA	Registered Rep	BMO Capital Markets	IL	Financial Services
1031 Focus	CA	Real Estate Broker	BNI Equities	ID	Sponsor
1031 Group	CA	Registered Rep	Breen Financial Management, Inc.	FL	Registered Rep
1031 Horizons LLC	RI	Registered Rep	Breeze Financial Group	OR	Registered Rep
1031 Investment Solutions, LLC	MA	Registered Rep	Brookstreet Securities Corporation	CA	Broker Dealer
1031 Property Group	SC	Registered Rep	Brown Realty Advisors	GA	Real Estate Broker
1031 Property Watch	UT	Registered Rep	Brown Rudnick Berlack Israels, LLP	RI	Law Firm
1031 Realty Group, LLC	NC	Real Estate Broker	Burch & Company Inc.	MO	Broker Dealer
1031 Replacement Properties Inc.	FL	Registered Rep	Business Financial Resources, Inc.	KS	Registered Rep
1031 Retirement Solutions, LLC	NY	Real Estate Brokers	Buttonwood Investment Services, LLC	CO	Registered Rep
1031 Strategies	NJ	Registered Rep	Cabot Investments Properties	MA	Sponsor/Wholesaler
1031 TIC Solutions	FL	Registered Rep	Cairncross & Hempelmann	WA	Law Firm
1031 Wealth Group	NJ	Registered Rep	Canyon Creek Financial LLC	OR	Broker Dealer
Accommodation Capital LLC	NY	Registered Rep	Cap Harbor	CA	Registered Rep
Acquisition Search Services, Inc.	FL	Real Estate Broker	Capital Assets Planners, LLC	CA	Registered Rep
Advisory Group Equity Services, Ltd.	MA	Registered Rep	Capital Concepts Group	NV	Registered Rep
AEI Fund Management Inc.	MN	Real Estate Broker	Capital Financial Services	CA	Broker Dealer
AFA Financial Group, LLC	CA	Broker Dealer	Capital Growth Inc./IFG	CA	Registered Rep
Affinity Real Solutions – Omni Brokerage	CA	Registered Rep	Capital Real Estate LLC	CO	Sponsor
Affirm Financial	CO	Registered Rep	Capstone Financial Consultants, LLC	OR	Registered Rep
Afton 1031 Investments	MA	Real Estate Broker	Capstone Financial Group, Inc.	MN	Broker Dealer
Akerman, Senterfitt	FL	Law Firm	CapWest Securities, Inc.	CO	Broker Dealer
Alexander Partners	CA	Registered Rep	Carlton Advisory Services, Inc.	NY	Mortgage Broker
Alliance Commercial Properties	NC	Real Estate Broker	CBRE Melody & Company	TX	Mortgage Broker
Alpha Omega Group, Inc.	VA	Registered Rep	Centaurus Financial, Inc.	CA	Registered Rep
Alston & Bird LLP	GA	Law Firm	Chamberlin Financial Group, Inc.	FL	Financial Advisors
Alta Exchange Group	WI	Registered Rep	Charter Financial Management Company Inc	CA	CPA Firm/Investment Firm
Alta Investment Group	CA	Registered Rep	Cherry Creek Partners, LLC	CO	Registered Rep
AMBAR Financial Group	CA	Registered Rep	Choice Point	GA	Real Estate Services
American Asset Management LC	VA	Registered Rep	Chrysalis Capital Group, LLC	CA	Registered Rep
American Capital Group	WA	Sponsor	Clearview Real Estate Capital LLC	WA	Real Estate Broker
American Investment Exchange	CA	Registered Rep	Clearview Wealth Management	WA	Registered Rep
American Realty Capital Markets, LLC	VA	Broker Dealer	CNP Securities, Inc.	CA	Registered Rep
American Wealth Management, LLC	AZ	Registered Rep	Cohen Financial	CA	Real Estate Broker
Ameriprise Financial Services Inc.	MN	Broker Dealer	Cole Companies	AZ	Sponsor
AMPC	IL	Registered Rep	Collage	CA	Real Estate Services
Ardent Income Consulting	CA	Registered Rep	Column Financial, Inc.	GA	Lender
Anders 1031 TIC Real Estate	CA	Registered Rep	Compass Investments & 1031 Exchange	MA	Registered Rep
Andrew Stuart Asset Management Group, Inc	FL	Registered Rep	Concorde Exchange Group	MI	Registered Rep
Andre Titley Inc.	CA	Registered Rep	Congdon-Jeffers Group	CA	Registered Rep
AndruEds Group, Inc.	FL	Real Estate Broker	Connolly Bove Lodge & Huz LLP	DE	Law Firm
APB WealthCare Advisors, LLP	GA	Registered Rep	CORE Realty Holdings, LLC	CA	Sponsor/Wholesaler
Apex Financial, LLC	MO	Registered Rep	Cornerstone Exchange Services	CA	Registered Rep
Archer Investment Advisors	CA	Registered Rep	Costa Financial Securities	FL	Broker Dealer
Arent Fox, PLLC	DC	Law Firm	Cottonwood Capital, LLC	UT	Real Estate Investment
Argus Realty Investors, LP	CA	Sponsor/Wholesaler	Courtland Securities Corp.	CA	Broker Dealer
Aspire Financial	CA	Registered Rep	Covington Realty	IL	Sponsor
Asset Preservation Inc.	CA	Exchange Intermediary	Craig Cheney	NV	Real Estate Broker/Attorney
Astra Capital Corp.	NY	Real Estate Broker	Crawford Financial	VA	Registered Rep
Atlas Venture Partners, Inc.	CA	Sponsor	Creekstone Partners, LLC	TX	Sponsor
Baker & Associates	WA	Registered Rep	CSC Trust Company of Delaware	DE	Financial Services
Baker & Hostetler LLP	OH	Law Firm	CT	IL	Real Estate Services
Baker & McKenzie LLP	IL	Law Firm	Cutter Capital LLC	TX	Sponsor
Barkume & Associates Wealth Management	UT	Registered Rep	DaneVest LLC	WI	Registered Rep
Bax Investment Group	NV	Registered Rep	David K. Bedke	CA	Registered Rep
Bayview Financial Exchange Services	FL	Qualified Intermediary	Davis Wright Tremaine LLP	OR	Law Firm
Bear, Stearns & Co., Inc.	NY	Real Estate Services	Dawson James Securities	FL	Registered Rep
Behringer Harvard	TX	Sponsor/Wholesaler	DBSI Group of Companies	ID	Sponsor/Wholesaler
Bell & Company, LLC	CO	Real Estate Broker	Deloitte	CA	Consultants

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COMPANY	STATE	TYPE	COMPANY	STATE	TYPE
Denis Wong & Assoc.	HI	Registered Rep	Hodges Ward Elliot	GA	Real Estate Broker
DeSanto Realty Group	PA	Sponsor	Homer Marshman Real Estate	FL	Sponsor
Direct Capital Securities, Inc.	CA	Broker Dealer	Impel Realty LLC	TX	Sponsor
Direct Invest LLC	MD	Sponsor	Independent Financial Group LLC	CA	Broker Dealer
Diversified Builder Services	CA	Lender	Inland Real Estate Exchange Corp.	IL	Sponsor/Wholesaler
Dividend Capital	CO	Sponsor/Wholesaler	Investment Properties of America	VA	Sponsor/Wholesaler
Don Nelson Team	CA	Registered Rep	Investment Property Advisors	IL	Registered Rep
East Coast Realty Ventures, LLC	MD	Sponsor	Investment Property Exchange Services Inc	CA	Qualified Intermediary
Eaton Vance Management	MA	Registered Investment Advisor	Investment Services	IN	Registered Rep
Eliason 1031 Properties Corp.	WI	Sponsor/Wholesaler	Investors Capital	CA	Registered Rep
Ellen Erenstein & Assoc.	FL	Registered Rep	Investors Capital Corporation	OR	Registered Rep
Empire Securities	CA	Broker Dealer	Investors Choice Financial Services Inc	MN	Registered Rep
Envisioning Financial, Inc.	IN	Registered Rep	Irongate Partners, Inc.	NC	Registered Rep
Envoy Capital Partners	CA	Registered Rep	James Whitson	CA	Registered Rep
EPlanning Securities, Inc.	CA	Broker Dealer	Jenner & Block LLP	IL	Law Firm
Equitable Companies, LLC	CA	Sponsor	John Crockett and Associates	WA	Registered Rep
Equity to Cash Flow	NM	Real Estate Broker	John Hancock Financial Network	CA	Registered Rep
Evergreen Realty Group, LLC	CA	Sponsor	Joseph V. Abbate	CA	Consultant
Exchange Works	UT	Registered Rep	JRW Investments	CA	Registered Rep
ExchangePoint Properties, LLC	CA	Sponsor	K-One Investment Co	TX	Broker Dealer
Exeter 1031 Exchange Services, LLC	CA	1031 Accommodator	KCM Capital Management, Inc.	CA	Registered Rep
FactRight, LLC	MN	Due Diligence	Kelly Accounting & 1031 Exchange Svcs.	MT	Registered Rep
Fagan & Rawlings Capital Management	TX	Financial Services	Kendrick Financial Services	GA	Registered Rep
Faris Lee Investments	CA	Real Estate Broker	Kittrell & Armstrong LLC	NC	Real Estate Broker
Fidelity National Title Insurance Co	CO	Title Insurance	Kodiak Capital Partners L.L.C.	TX	Sponsor/Wholesaler
Filippini Financial Group, Inc.	CA	Registered Rep	Krieger-Campbell, Inc.	CA	Broker Dealer
Financial Designs, Ltd.	CA	Registered Rep	Kutak Rock LLP	NE	Law Firm
Financial Directions	NC	Registered Rep	L J Cooper Capital Management LLC	UT	Registered Rep
Financial Exchange Corp.-1031FEC	IA	Real Estate Broker	L.K. Allen, Inc.	NJ	Real Estate Broker
Financial Group of Central Minnesota	MN	Registered Rep	Lambert Investment Co., LLC	VA	Registered Rep
Financial Services Network	CA	Registered Rep	LandAmerica Exchange Co.	IL	Qualified Intermediary
Fintegra LLC	MN	Broker Dealer	Latitude, Inc.	CA	Real Estate Broker
First Allied Securities	CA	Registered Rep	Law Offices of Douglas R. Slain	CA	Law Firm
First American Exchange	UT	Qualified Intermediary	Lehigh Financial Services	NV	Registered Rep
First Financial Equity Corp.	AZ	Broker Dealer	Leonard, Street and Deinard	MN	Law Firm
FirstWest Group, Inc.	OR	Real Estate/Broker Dealer	Les V. Anderton Financial Services	UT	Registered Rep
Fiserv Investment Support Services	CO	Real Estate Services	Levenfeld Pearlstein, LLC	IL	Law Firm
Flagship Capital Partners	NC	Real Estate Broker	Liberty Group LLC	CA	Broker Dealer
Foley & Lardner LLP	MA	Law Firm	Lin Mar Management, Inc.	CA	Real Estate Broker
FOR 1031/Spectrus Real Estate Group	ID	Sponsor/Wholesaler	Lincoln Park Investment Services	IL	Registered Rep
FORT Properties, Inc.	CA	Sponsor/Wholesaler	Little Business Wealth Advisors	CA	E-Planning Securities Brokerage
Fortress Wealth Management	NJ	Registered Rep	Loan Star Financial Services, LLC	MN	Registered Rep
Frank Leonards & Frank LLC	NJ	Registered Rep	Louis J. Rogers	VA	Attorney
Freedman Consulting	PA	Registered Rep	Luce, Forward, Hamilton & Scripps LLP	CA	Law Firm
FSC Securities Corporation	CA	Broker Dealer	Ludwig Financial Group	MN	Registered Rep
Gary M. Bowman	CA	Registered Rep	LVP Marin Realtors	CA	Member
GBS Financial Corp.	CA	Brokerage Firm	M.A. Hill, Brokers	DC	Registered Rep
Gemini Real Estate Advisors, LLC	NY	Sponsor/Wholesaler	Madison Capital Management	CA	Lender
Global Planning, Inc.	CO	Registered Investment Advisor	Magellan Investments	CA	Registered Rep
Gold Realty Group	CA	Real Estate Broker	Mariner Asset Management	FL	Sponsor
Golden Compass Wealth Advisors LLC	CA	Financial Planning	Marketmaker Capital Corporation LLC	CA	Lender
Grand Peaks 1031 Properties	CO	Sponsor	Mastrogiovanni, Schorsch & Mersky, P.C.	TX	Law Firm
Granite Investment Group, Inc.	CA	Sponsor	McCabe & Samiljan, LLC	FL	Law Firm
Grant Bettingen, Inc.	CA	Registered Rep	MCL Financial Group, Inc.	CO	Broker Dealer
Greenberg Glusker	CA	Law Firm	MDM Energy Inc.	TX	Services
Greenberg Traurig, LLP	AZ	Law Firm	Medical Professional Financial Group	OR	Registered Rep
Gregory Kaplan, PLC	VA	Law Firm	Mellon 1st Business Bank	CA	Lender
Griffin Capital Corp.	CA	Sponsor/Wholesaler	Meridian Capital Partners	MA	Sponsor/Wholesaler
Grubb & Ellis	MI	Real Estate Broker	Meridian Realty Advisors, LP	TX	Sponsor
GunnAllen Financial	FL	Broker Dealer	Messerli & Kramer P. A.	MN	Law Firm
H&R Block Financial Advisors	MI	Broker/Dealer	MICG Investment Management LLC	VA	Broker Dealer
Hankinson Financial Advisors, Inc.	FL	Registered Rep	Mick & Associates, P.C. LLO	NE	Law Firm
Harbor Capital Group	TX	Mortgage Broker	Midpoint Financial Services	CA	Registered Rep
Harbor Financial	MT	Registered Rep	Mitchell Montgomery Inc.	CA	Investment Advisor
Heartland Investment	IL	Registered Rep	Miterko	CA	Due Diligence
Hemisphere Realty Advisors LLC	OH	Registered Rep	MNM Partners LLC	CA	Real Estate Broker
HFF, L. P.	MA	Mortgage Broker	Moneymallusa Corp	CA	Registered Rep
Hirschler Fleischer	VA	Law Firm	Moody National Companies	TX	Sponsor/Wholesaler

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COMPANY	STATE	TYPE	COMPANY	STATE	TYPE
Mr. Channelside Real Estate Services	FL	Real Estate Broker	Reznick Group	GA	Accountants
Mueller Investments, Inc.	ID	Registered Rep	Richard E. Woollen	NC	Registered Rep
Nagle Danley Real Estate Advisors, Inc.	CA	Real Estate Broker	Rick Brown & Associates, LLC	MD	Real Estate Broker
Namco Financial Exchange, Inc.	CA	Qualified Intermediary	RIISnet	AL	Real Estate Broker
National Apartment Investors	TX	Real Estate Broker	Ringgold & Associates	FL	Registered Rep
National Exchange Advisors, LLC	CA	Sponsor	RK Properties	CA	Sponsor
National Planning Holdings	CO	Broker Dealer	RLT Financial Management	FL	Registered Rep
National Securities Corp	NY	Registered Rep	RM Crowe	TX	Sponsor
Nationwide Exchange Services	CA	Qualified Intermediary	RMI Investment Services L.L.C.	NV	Registered Rep
Navigar Advisors, Inc.	FL	Registered Rep	Robert A. Stanger & Co., Inc.	NJ	Broker Dealer
Net Equity Associates	CA	Registered Rep	Robert Faust Mortgage Company	TX	Real Estate Broker
Net Lease Capital Advisors	NH	Real Estate Services	Robert L. Boggess Inc	WA	Registered Rep
Network Real Estate Corporation	CA	Real Estate Broker	Robert L. Katzman, Esq.	NY	Real Estate Broker
Newcomb and Company	MA	Real Estate Broker	Roberts Firm	CA	Law Firm
Newman Commercial Properties, Inc	CO	Registered Rep	Ron D Birnbaum, The Financial Consultants	MA	Registered Rep
NGAS Securities, Inc.	CA	Registered Rep	Royal American Financial Advisors, LLC	CA	Registered Rep
Nixon Peabody	DC	Law Firm	RVM Associates	CA	Real Estate Broker
Noble Asset Management Co.	ID	Registered Rep	S.E. Mattox Corporation	CA	Real Estate Broker
Noble Royalties, Inc.	TX	Sponsor/Wholesaler	Sabre Syndication Services	CA	Sponsor/Wholesaler
Nomax Capital	CA	Real Estate Broker	Sagebrush Realty Holdings LLC	CO	Sponsor
North Bay Commercial	CA	Registered Rep	Schindler Financial Group	CA	Registered Rep
North Star Investment Services, Inc.	IL	Registered Rep	SCI Real Estate Investments, LLC	CA	Sponsor/Wholesaler
Northland Securities Inc	MN	Broker Dealer	Securities America Advisors Inc	ID	Registered Rep
Notman Financial Group	CA	Registered Rep	Securities America Inc	NE	Broker Dealer
NXT Realty Group Ltd.	IL	Real Estate Broker	Senior Capital, LLC	FL	Sponsor
Ocean Atlantic Land Investment Company	FL	Real Estate Broker	Senior Financial Services	FL	Registered Rep
Office Tiger	GA	Due Diligence	Sequoia Real Estate Holdings, L.P.	CO	Sponsor/Wholesaler
Old Dominion Financial Advisors Ltd.	VA	Registered Rep	SGI Investments Inc	MA	Registered Rep
OMNI Brokerage	UT	Registered Rep	Shawmut Financial Service LLC	MA	Registered Rep
Orchard Securities	UT	Broker Dealer	Shawn M. Riely	TX	Registered Rep
Oregon 1031 Investment	OR	Registered Rep	Sigma Financial	MI	Broker Dealer
ORIX Real Estate Capital	IL	Sponsor/Wholesaler	Silver Oak	MN	Real Estate Broker
Oxford Capital Group LLC	FL	Real Estate Broker	Snyder Kearney LLC	MD	Law Firm
Oxford Resources Group	KS	Real Estate Broker	Sonny Todd Real Estate	MT	Registered Rep
Pacific West Securities	WA	Broker Dealer	SourceNet Financial	MA	Real Estate Broker
Parthenon Realty 1031 Investors, LLC	GA	Sponsor/Wholesaler	Southfork	CA	Registered Rep
PASSCO Companies, LLC	CA	Sponsor/Wholesaler	Southpointe Partners Ltd	GA	Registered Rep
PCM Exchange	CA	Registered Rep	Sovereign Capital	CA	Sponsor
Pence Wealth Management	CA	Registered Rep	Spagnoli Financial Group	CA	Registered Rep
Penn Realty Advisors Inc	CO	Real Estate Broker	Spartan Realty Inc.	CA	Real Estate Broker
Pennbridge Capital	UT	Sponsor	Spring Hill Senior Living, LLC	WA	Real Estate Broker
Plotkin Financial Advisors Alliance, Inc.	CA	Registered Rep/Real Estate Broker	SRS Investments, LLC	FL	Sponsor
Portfolio Advisors Alliance, Inc.	CA	Registered Rep	Standard & Poor's	NY	Real Estate Services
Portola Financial	CO	Registered Rep	Sterilex, Inc.	CA	Real Estate Broker
Powell Goldstein LLP	GA	Law Firm	Sterling Wealth Management, Inc.	WA	Registered Rep
Presidio Exchange Advisors	CA	Registered Rep	Steve Decker	CA	Real Estate Broker
Principal Equity Management	TX	Sponsor/Wholesaler	Steven L. Falk & Associates	NV	Broker Dealer
Private Asset Group	CA	Broker Dealer	Steven L. Nartker	CA	Registered Rep
Private Equity Group	CA	Registered Rep	Stewart Management Company	DE	Financial Services
ProEquities Inc.	AL	Broker Dealer	Striker Petroleum, LLC	TX	Sponsor/Wholesaler
Professional Asset Management	MI	Broker Dealer	Sullivan & Worcester, LLP	MA	Law Firm
Professional Investment Advisors Inc.	NY	Registered Rep	Sunset Financial Service, Inc.	CA	Registered Rep
Q10 Kinghorn, Driver, Hough & Co.	TX	Lender	Sycamore Investments	CA	Registered Rep
QA3 Financial Corp	CA	Registered Rep	Symphony Financial Services, LLC	AZ	Registered Rep
QFN Midwest	NE	Registered Rep/Real Estate Broker	T. Wall Properties Management Corp.	WI	Real Estate Broker
Questar Capital Corp.	SC	Broker Dealer	T.R. Winston & Company	NJ	Broker Dealer
Rainier Capital Management, LP	TX	Sponsor/Wholesaler	T.S. Gibbons, Inc.	CA	Real Estate Broker
Randy Grudzinsky	IL	Registered Rep	Tax Reduction and Investment Strategies	CA	Registered Rep
Real Estate Value Advisors LLC	VA	Sponsor	Teachout Investment Management	MT	Registered Rep
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Reeden Real Estate Inc.	IL	Real Estate Services	The Concord Equity Group	NJ	Registered Rep
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COMPANY	STATE	TYPE	COMPANY	STATE	TYPE
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TIC Specialists, Inc.	CA	Registered Rep	Wealth Exchange Solutions	MA	Registered Rep
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TM 1031 Exchange	CA	Registered Rep	Wells Real Estate Funds	GA	Sponsor
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Trans Lending Corp.	CO	Lender	West Advisors, LLC	MT	Registered Rep
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Transwestern	IL	Real Estate Services	Western America Equities LLC	WA	Sponsor/Wholesaler
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Kathy Heshel is author of the first and only book published about TICs, Effortless Cash Flow: the ABC's of TICs (Tenant-in-Common properties). She is working on the follow up book. Kathy is President of Legacy Real Estate & Investments and is a registered rep with CapWest Securities (NASD/SIPC/MSRB).



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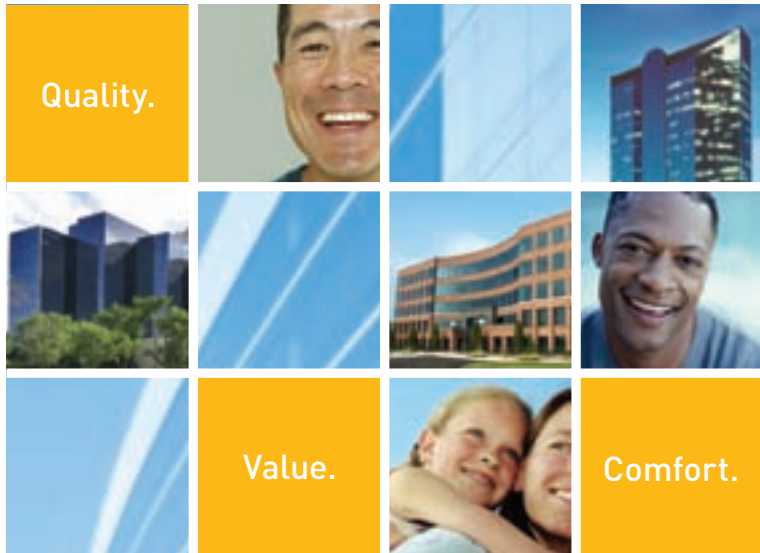
55 Fifth Ave., 13th Fl.  
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Email: [info@cabotinvestments.com](mailto:info@cabotinvestments.com)  
Contact: Carlton Cabot, CEO

Cabot 1031 structures Tenant-in-Common investments in high QUALITY commercial real estate across the United States through its TIC program. Exchange investors are provided with the opportunity to invest in Cabot 1031 properties that offer VALUE with the potential for appreciation. A Cabot 1031 TIC investment provides investors with the COMFORT of stable tenancy, conservative underwriting, and strong market fundamentals in order to look after the hard-earned wealth and invested capital of exchange investors.

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Contact: Steve Groark, President

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Email: [info@cornerstoneexchange.com](mailto:info@cornerstoneexchange.com)  
Contact: John Harvey, CPA, MBT, President, Christina Nielson, MBA Vice President-Client Services

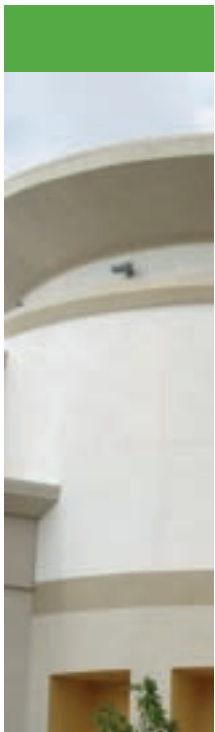
Cornerstone Exchange Services/OMNI Brokerage maintains one of the largest listings of available Tenant-in-Common (TIC) properties through our extensive network of TIC sponsors throughout the country. This selection together with our enhanced due diligence allows the investor to compare and contrast numerous properties and thereby identify the property best suited to his investment objectives and 1031 exchange requirements.



## COVINGTON REALTY PARTNERS

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Contact: Marc Goldstein, President

Headquartered in Chicago, Covington Realty Partners acquires Class A retail and multifamily properties in primary and secondary markets nationwide. In the last 12 months, Covington has increased its portfolio by approximately \$240 million. With its current pipeline, that number is expected to reach \$300 million by year end. For more information, please visit [www.covingtonrealtypartners.com](http://www.covingtonrealtypartners.com).



**Gemini Real Estate Advisors, LLC** is a full service real estate company and one of the country's leading sponsors of 1031 TIC programs. Our current portfolio includes over 3 million square feet of commercial real estate valued at more than \$475 million. With a focus on both institutional and individual investors, Gemini is an ideal platform for 1031 TIC investors that seek stable returns in high quality real estate projects.

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Contact: Marriah Harkins, President

DBSI Securities Corporation markets private offerings in real estate to independent broker-dealers and their registered reps, including Tenant-in-Common (TIC) offerings, land development funds, limited partnerships, debt offerings, and REITs. DBSI Securities is part of the DBSI Group of Companies (DBSI), which has served over 7,100 investors in 28 years.



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Contact: Clay Womack, Chairman/CEO

Direct Capital Securities, Inc., one of the TIC industry's oldest and most active Managing Broker/Dealers, is leading the way in bringing new investment alternatives to market. Our product line includes Tenant-in-Common Programs, Real Estate Funds, Oil & Gas Replacement Property, Oil & Gas Direct Investments, Alternative Energy, and Debenture Programs.



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Contact: Brenden C. Faber, President;  
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First American Exchange, a member of the Federation of Exchange Accommodators, provides qualified intermediary services under IRC Section 1031, which allows investors to exchange "like-kind" investment properties without recognizing capital gains. First American Exchange facilitates tax-deferred delayed, reverse, personal property, and build-to-suit exchanges throughout its nationwide exchange offices and is part of The First American Family of Companies.



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Contact: Mike Franklin, Executive Vice President; Robert Alter, Vice President - Investments

As one of the nation's leading real estate investment firms, specializing in Tenant-in-Common programs for 1031 exchangers and real estate investors, FORT Properties delivers results through strategic investing and in-depth knowledge gained over 100 years of management experience. Real estate investors turn to FORT Properties for expertise, exceptional properties and reliable results. FORT Properties is a pre-capitalized real estate investment firm, demonstrating our high level of commitment both to the property and to our clients. For more information, please visit [www.fortproperties.com](http://www.fortproperties.com).



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Contact: Will Obeid, President

Gemini Real Estate Advisors, LLC is a full service real estate company and one of the country's leading sponsors of 1031 TIC programs. Our current portfolio includes over 2.6 million square feet of commercial real estate valued at more than \$415 million. With a focus on both institutional and individual investors, Gemini is an ideal platform for 1031 TIC investors that seek stable returns in high quality real estate projects.



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Email: [shields@griffincapital.com](mailto:shields@griffincapital.com)  
Contact: Kevin Shields, President; Don Pescara, Managing Director, 312.560.7072; David Rupert, COO, 203.550.1469

Griffin Capital is a privately owned real estate company focused on offering industry-leading real estate investment products for individual investors seeking Co-Ownership in Real Estate (CORE) Tenant-in-Common tax deferred exchange opportunities. Led by senior executives, each with more than two decades of real estate experience collectively encompassing over \$14 billion of transaction value and more than 400 transactions, Griffin Capital has acquired or constructed approximately ten million square feet of space since 1996. Griffin Capital currently owns and manages a portfolio consisting of 38 assets, in over 8.0 million square feet of space, located in 12 states. Griffin Capital is headquartered in Los Angeles with offices in Chicago and Greenwich, CT. Additional information is available at [www.griffincapital.com](http://www.griffincapital.com).

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Jenner & Block LLP is a leader in representing sponsors in successfully offering fractionalized interests in real estate, through private placements of securities, for those investors desiring to complete tax deferred exchanges pursuant to Internal Revenue code Section 1031. We possess extensive experience with the use of Tenant-in-Common ("TIC") structures as well as the Delaware Statutory Trust ("DST"), offering a unique combination of skills in the securities, real estate and tax areas.



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Louis J. Rogers & Associates, P.C. is a national law firm specializing in the design, formation, marketing and sale of real estate securities and other alternative investments, such as Tenant-in-Common (TIC) programs for investors structuring Section 1031 exchanges, Real Estate Investment Trusts (REITs) and Funds. Louis J. Rogers, founder and President of the firm, brings nearly 25 years of real estate expertise gained as an attorney specializing in structuring real estate programs for dozens of sponsors, serving as President of one of the nation's largest sponsors of real estate securities, wholesaling real estate securities as an NASD licensed general securities principal, and finally selling such securities to retail

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Contact: Brett Moody, Chairman/CEO;  
Logan Lee, Director of Broker/Dealer Investments

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Website: [www.nnnrealtyadvisors.com](http://www.nnnrealtyadvisors.com)  
Contact: Sales Desk, 866-467-2170

NNN Realty Advisors is a nationwide commercial real estate asset management and services firm that sponsors real estate investment programs to provide investors with the opportunity to engage in tax-deferred exchanges of real property and to invest in other real estate investment vehicles, including public non-traded real estate investment trusts and real estate investment funds.

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NNN Realty Advisors is the parent company of Triple Net Properties, LLC, Triple Net Properties Realty, Inc. and NNN Capital Corp., its affiliated broker-dealer. NNN Realty Advisors is the sponsor of hundreds of real estate investment programs for individual investors; including tax-deferred 1031 tenant-in-common (TIC) exchanges and two recently launched public non-traded real estate investment trusts, NNN Apartment REIT and NNN Healthcare/Office REIT. NNN Realty Advisors and affiliates manage a growing portfolio of more than 38 million square feet of real estate, including approximately 9,000 apartment units, with a combined market value in excess of \$5.2 billion.



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## SAGEBRUSH CAPITAL HOLDINGS, LLC

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Contact: Gary Ruhl, Financial Vice President

As a sponsor of multi-family TIC offerings, Sagebrush Realty Holdings LLC is part of The Sagebrush Companies, a full-service commercial real estate investment company. Specializing in domestic and international multi-family residential, hospitality, and commercial development, Sagebrush has been offering investors appreciable market value & strong returns for 12 years.

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Spectrum Realty Services, LLC provides a one stop shop for real estate sponsors, broker-dealers and investors through the Spectrum family of companies, Spectrum Title Co., Spectrum Escrow Co. and Spectrum 1031 Exchange Co. From title insurance, to escrow and qualified intermediary (1031 exchange) services, Spectrum provides a full range of title, escrow, exchange and back office services nationwide through its proprietary, technology driven systems. Of special note, Spectrum provides TIC closing and escrow services for Tenant-in-Common sponsors who outsource the closing and back office process to increase efficiency and reduce cost. Spectrum has created an interactive,

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## SPECTRUS REAL ESTATE GROUP

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Spectrum Real Estate Group is a real estate principal and leading provider of investment real estate. The company's properties include income-producing commercial real estate, co-ownership property (TIC), undeveloped land, ground leases, NNN

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Wangard Advisors is dedicated to the sponsorship of fundamentally sound Tenant-in-Common real estate investments that are based on a philosophy of steady returns through patient, disciplined management and conservative underwriting. With over 80 years of combined experience, Wangard specializes in offering simple and creative solutions to complex real estate transactions.



## WESTERN AMERICA EQUITIES LLC

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Western America Equities LLC is a privately-owned real estate investment and operating company. Headquartered in Bellevue, Washington, the company operates healthcare properties, shopping centers, office buildings, industrial business parks and other property types in the western United States. Western American Equities LLC is a founding member of the Tenant-in-Common Association.



## WHITE CAP REALTY LLC

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White Cap Realty is a boutique sponsor of quality investment real estate with offices in Appleton and Madison, Wisconsin. We offer professionally managed, turnkey real estate investment products for those seeking 1031 Exchanges or direct investments in income producing real estate, with hassle-free ownership.

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