

Portrait of a Happy Tenant-In-Common Investor

After over 30 years as a physician in California, a Chinese doctor and his pharmacist wife were ready to retire and return to their roots in Hong Kong. Over the years, they invested in rentals and had completed a number of 1031 exchanges. Facing the retirement decision was easy... what was not easy was their decision about what to do with their rentals and the ongoing management responsibilities of their rental properties. They were concerned with property management; tired of the "Terrible T's" - and were not interested in the responsibility of real estate ownership in the United States from Hong Kong.

Their rentals consisted of 84 apartment units, a duplex and a single family rental. Both in their early sixties and heavily involved in their church, their ultimate goal was to go on a mission to Hong Kong to provide charitable work. This goal would be possible if they could increase their cash flow while relieving themselves of the headaches associated with owning and managing their real estate investments.

Increasing cash flow would allow them to pursue their dreams and at the same time allow them to take care of increased expenses associated with retirement. After a thorough analysis of their goals and objectives, we jointly concluded that a diversified portfolio consisting of fractional ownership of income producing real estate would be their best option. They would no longer have to be actively involved in the day to day management of their properties, yet still own a real estate portfolio of diverse property types, structured to produce more income with greater cash flow, increased tax benefits - without property management concerns.

Once we analyzed their current portfolio of real estate and their 1040 Schedule E, we determined that they were netting an annual income of approximately 2.5% on their \$7 million of appreciated equity value. After deciding a 1031 exchange was the best option, we referred the couple to a local experienced CCIM (Certified Commercial Investment Member) real estate broker with expertise in apartments to evaluate their holdings. He eventually listed and sold the apartment units. We also

recommended a residential broker who evaluated, listed and sold the duplex and the family rental.

As each property was sold and funds placed into escrow, we began a search for available fractional ownership (Tenant-In-Common) properties. Once escrow closed and a qualified intermediary was in place, we began our due diligence process on a variety of properties looking for diversification of property types and location.

After narrowing down the selection of properties, we worked closely with our clients throughout the due diligence process. Once completed, we initiated the final selection process. Over a time period of approximately one year, we assisted in investing our client's \$7 million of hard earned equity into a well diversified portfolio of fractional ownership properties (IICs).

The happy couple now own fractional interest in 3 office buildings, 3 retail centers, 9 restaurants, 3 apartment complexes, and a technology center. With \$7 million in equity, they were able to purchase over \$18 million in real estate. These properties are located in 10 states, with annual cash flows ranging from 5.75% to 9%. Previously, they were netting an annual return of about 2.5% on their equity. Now their annual average net return is over 7%. As a result of our planning, our client's anticipated cash flow has nearly tripled; they enjoy improved tax benefits and still own investment real estate, all without the headaches of property management. [Refer to list of properties, ownership and projected cash flow].

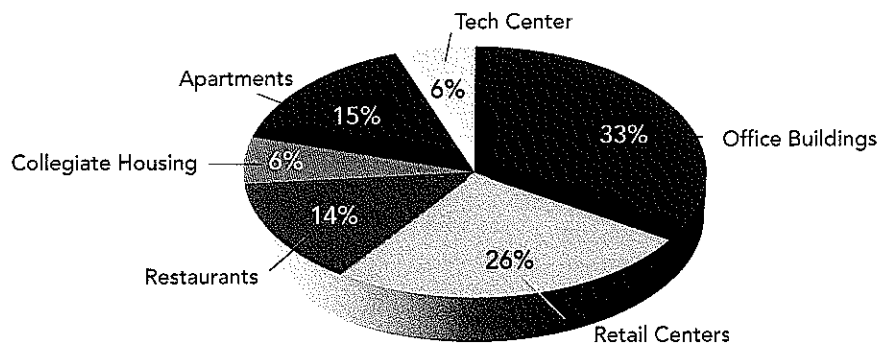
The doctor and his wife are now considering selling his medical practice and remaining office building and fulfilling their dream mission - moving to Hong Kong and focusing their efforts into religious and charitable work.

Our clients have been diligent in their investment strategies over the years, have worked hard over their lifetimes and have accumulated a great real estate "nest egg." Now, in retirement, they are harvesting the real estate garden that they planted and cultivated for many years. We proudly smile with each post card we receive from their travels.

PROJECTED CASH FLOW YEAR 1

Property Name & Location	Equity \$ Amount Allocated	Approx. Non-Recourse Debt Assumed	Total Real Estate Value	Est. 1st yr Income (as a %)	Est. 1st yr Income (as a \$ amount)
Office Building Fort Lauderdale, FL	\$978,000	\$1,047,248	\$2,025,248	6.75%	\$66,015
Office Building San Diego, CA	\$416,000	\$733,200	\$1,149,200	6.00%	\$24,960
Retail Center Phoenix, AZ	\$430,560	\$1,980,527	\$2,411,087	7.20%	\$31,000
Restaurant Portfolio 7 States	\$1,050,058	\$1,465,951	\$2,516,009	9.00%	\$94,505
Technology Center Thornton, CO	\$656,600	\$516,750	\$1,173,350	7.50%	\$49,245
Office Building Chicago, IL	\$781,000	\$1,434,200	\$2,215,200	7.00%	\$54,670
Apartments Phoenix, AZ	\$571,280	\$917,230	\$1,488,510	6.50%	\$37,133
Retail Center Las Vegas, NV	\$660,000	\$942,240	\$1,602,240	5.75%	\$37,950
Retail Center Avondale, AZ	\$332,500	\$446,111	\$778,611	7.40%	\$24,605
Apartments Amarillo, TX	\$450,000	\$810,187	\$1,260,187	6.75%	\$30,375
Office Building Irving, TX	\$324,000	\$564,000	\$888,000	7.00%	\$22,680
Collegiate Housing College Station, TX	\$367,250	\$670,475	\$1,037,725	7.09%	\$26,038
Total	\$7,017,248	\$11,528,119	\$18,545,367		\$499,176.77

REAL ESTATE MIX



Total real estate purchased under proposed scenario = ~ \$18 Million
 Appreciation and Depreciation (Tax Benefits) based on the ~ \$18 Million
 Cash Distributions based on the ~ \$7 Million of equity