



1616 Woodall Rodgers

Offering Memorandum

DALLAS, TEXAS

CBRE | Investment Properties - Institutional Group
CB RICHARD ELLIS Capital Markets



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Exclusive Marketing Advisors

CBRE | Investment Properties · Institutional Group
CRE · EQUITY · CAPITAL MARKETS

Russell Ingrum
Executive Vice President
972.458.4967
russell.ingrum@cbre.com
www.cbre.com/russell.ingrum

Gary Carr
Executive Vice President
972.458.4809
gary.carr@cbre.com
www.cbre.com/gary.carr

CB Richard Ellis
5430 LBJ Freeway
Suite 1100
Dallas, TX 75240
www.cbre.com/igdallasoffice



The Opportunity

1616 Woodall Rodgers (the “Property”) is a Class A office building perfectly located at the intersection of four of Dallas’ most vibrant residential and entertainment districts: the Arts District, the West End Historic District, Uptown and the newly constructed, Victory Park mixed-use development. Currently, these districts and Downtown Dallas are experiencing a significant wave of developments and revitalization exceeding \$5 billion in ongoing and planned area projects consisting of mixed-use developments, condominiums, trendy restaurants and performance halls.

The eight-story, property is superbly positioned within the 61.7-acre Dallas Arts District on a prominent site overlooking Woodall Rodgers, providing exceptional property and signage visibility to thousands of daily commuters. Dallas’ Arts District is home to several of Dallas’ most prominent cultural institutions including the world-renowned Nasher Sculpture Center, the Dallas Museum of Art, and the Morton H. Meyerson Symphony Center. Continuously growing through public and private investments, the Arts District presents a neighborhood with a strong emphasis on the visual and performing arts. Recently, the City of Dallas announced its intention and commitment to develop a 5.3 acre, \$100 million park over Woodall Rodgers Freeway, which will link south Uptown to north Downtown Dallas. 1616 Woodall Rodgers stands to benefit significantly from its location within the Arts District and immediately adjacent to this exciting new park.

To the north of the Property, across Woodall Rodgers Freeway, is the prestigious area of Dallas known as Uptown/Turtle Creek, most exclusive corporate and residential area in the local market. Within the last decade, this 24-hour neighborhood has emerged to become one of the most dynamic areas in the city in terms of desirability, economic growth and development and provides superior proximity to the residences of Dallas’ most influential decision makers. Uptown/Turtle Creek is currently experiencing a high demand in product; however the supply of land is extremely limited. 1616 Woodall Rodgers is poised to profit from this demand and from the continuous expansion of Uptown’s rental rates, the highest in the D/FW Metroplex, into the inner freeway loop of Downtown Dallas, where the building is located.

Today, Downtown Dallas has become a highly desirable location in which to do business, mostly in part due to its unparalleled access and amenities, competitive lease rates and significant investment by private and public sectors. Presently unoccupied, 1616 Woodall Rodgers presents investors with a repositioning opportunity at a significant discount to replacement cost and significant upside through immediate lease-up of available space.

Downtown

West End
Historic District

1616 Woodall Rodgers

Arts District

WOODALL RODGERS FREEWAY

Victory
Park

WOODALL RODGERS
PARK (PROPOSED)

Uptown

Woodall Rodgers Park



Superb Amenities



Property Amenities. Along with an incredible location and unmatched visibility along Woodall Rodgers, the Property offers numerous on-site and off-site amenities. Renovated in 1989 and expanded in 1992, 1616 Woodall Rodgers features an eight-story sky-lit atrium, immaculate interior finishes and large, 34,794 square foot floor plates that are ideally suited for both single-tenant and multi-tenant users. In addition, the building offers several multi-media equipped conference facilities, a fitness center and a full-service cafeteria and dining area. Tenants and visitors are provided 153 parking spaces within the two-story underground parking garage, 21 surface spaces in the trellis covered circular entrance driveway and numerous off-site parking alternatives within walking distance of the Property.

Unsurpassed Technology. 1616 Woodall Rodgers is equipped with advanced office building technology including a redundant power system containing triple feed power from two separate substations. Additional power is provided by three 1500 KW Onan Gensets Cummins Diesel powered generators and an 825 KW Steward Stevenson generator with an underground 4,000 gallon storage tank. Furthermore, the Property also provides tenants with a raised floor data center and a recently installed Dallas CBD fiber loop, which ensure telecommunications and data systems reliability and availability.

Neighborhood Amenities. Downtown has numerous retail, dining, hotel and entertainment establishments within immediate proximity of the Property. Adjacent to the 1616 Woodall Rodgers is the elegant Fairmont Hotel, which contains 551-rooms, an international ballroom, several banquet halls and meeting rooms and exquisite restaurants. The Main Street redevelopment which features various new retailers is located in the city's center, three blocks south of the building. The West End Historic District, the Arts District, which is adding three new performance halls and the newly developed, \$3 billion Victory Park which is known as the most vibrant and innovative mixed-use urban district in the Nation are also within walking distance of the Property.



Superb
Amenities

1616 Woodall Rodgers Freeway Profile

Location:	1616 Woodall Rodgers Freeway	Leased:	0%
	Dallas, TX 75202	Number Of Stories:	8
Site:	1.59 Acres	Typical Floor Size:	34,794 RSF
Net Rentable Area:	265,061 RSF	Year Built/Renovated/Expanded:	1978/1989/1992
Class:	A	Parking:	174 Parking Spaces

The Neighborhood

PROPOSED

1. **\$100M Woodall Rodgers Park**

5.3-acre deck park over Woodall Rodgers Freeway will link south Uptown to north Downtown Dallas and create an economic impact of \$312.7 over twenty years.

2. **5-acre Gables Apartment Community**

Gables Residential has announced plans to build a large apartment community on the 5-acre site at Woodall Rodgers Freeway and Field Street.

3. **Annette Strauss Artist Square**

The new square, starting construction in 2008, will host a variety of outdoor events ranging from concerts to theatrical and dance performances, accommodating up to 5,000 in a serene, open-air setting.

4. **\$100M Museum Tower**

The 20-story high-rise condominium tower in the heart of the Arts District will feature a timeless design with up to 125 condominiums ranging from \$450 to \$600 per square foot.

5. **\$1 Billion Trinity River Project**

The 20-mile long, 10,000-acre project will transform the near-dormant Trinity River into an urban park and recreation area with three Santiago Calatrava bridges to be completed in 2009.

UNDER CONSTRUCTION

6. **\$120M Hunt Consolidated Office Tower**

The 400,000 square foot office building and adjacent parking garage will house 1,200 employees and is expected to retain an excess of 500 downtown jobs.

7. **Dee & Charles Wyly Theatre**

The 74,900 square foot, 11-story theatre will be one of the world's most innovative theater facilities and will seat 600.

8. **Margot & Bill Winspear Opera House**

The 198,000 square foot opera house will seat 2,200 and is designed to be the standard upon which all 21st century opera houses will be measured.

9. **\$275M Dallas Center For The Performing Arts**

The center will include the new Opera House and Theatre, as well as an underground parking structure for 600 vehicles.

EXISTING

10. **Nasher Sculpture Center**

A 54,000 square foot Center devoted to the exhibition, study and preservation of modern sculpture valued over \$400 million.

11. **Dallas Museum Of Art**

Museum features more than 23,000 works of art from around the world, ranging from ancient to modern times.

12. **Morton H. Meyerson Symphony Center**

The visually stunning and acoustically superb concert hall seats 2,062 people and is home to the Dallas Symphony Orchestra.

13. **Belo Mansion**

Owned by the Dallas Bar Association, the Mansion includes a 20,000 square foot pavilion, a large ballroom, a gallery and an outdoor terrace.

14. **\$125M One Arts Plaza**

The 565,000 square foot mixed-use project is the new 7-Eleven headquarters and features upscale retail on the ground floors and high-end residential on the upper floors.

15. **\$3B Victory Park Mixed-use Development**

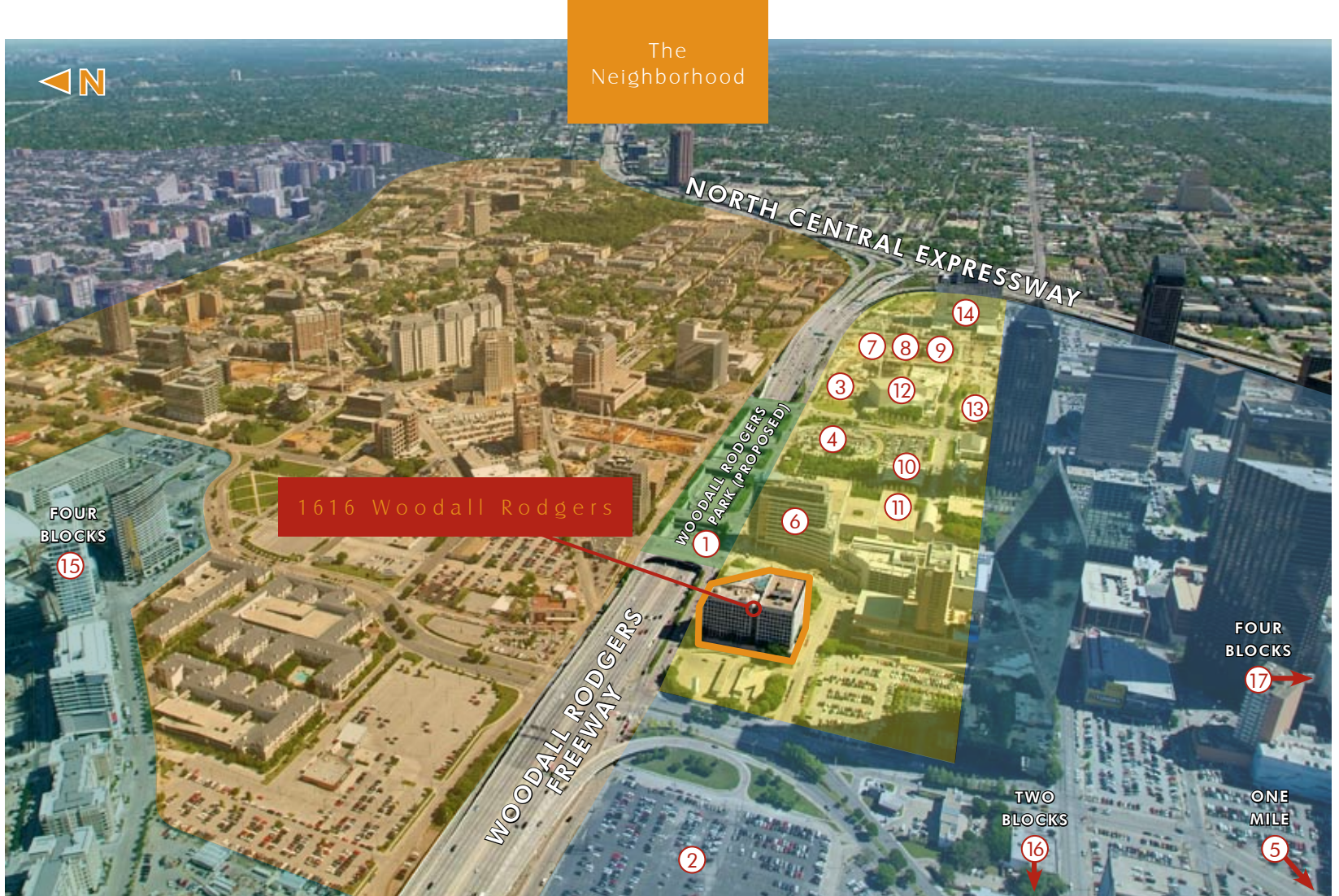
The 75-acre development featuring the American Airlines Center and W Dallas Victory Hotel & Residences is one of the most vibrant and innovative mixed-use urban districts in the country.

16. **West End Historic District**

The 55-acre entertainment district attracts seven million people annually through its numerous retail, entertainment, museum, dining and hotel establishments.

17. **Main Street Redevelopment**

The redevelopment in Downtown's city center boasts nearly 300,000 square feet of retail and restaurant space, the Stone Street Gardens, Neiman Marcus and various nightlife and entertainment establishments.



Arts District

- Developments within Arts District are less than one mile from 1616 Woodall Rodgers.

Downtown Dallas

- 2,500 businesses
- 10 hotels with more than 5,400 rooms
- 200+ events annually
- 6 DART stations (45,000 employees use DART to travel to work in Downtown)
- 4 full-service health clubs
- 48 acres of public parks and green spaces
- 42 restaurants
- 66 bars and clubs

Uptown Dallas

- 100 businesses
- 6 hotels
- 51 cafes and restaurants
- 30 art galleries and antique shop
- 51 upscale retailers
- 21 bars and clubs
- 4 live theater and music venues
- 1 movie theater

Oak Lawn/Turtle Creek

- Home values ranging up to \$3+ million
- Katy Trail for outdoor recreation
- 20 restaurants
- 9 art galleries and antique dealers
- 31 boutiques and shops
- 9 clubs
- 21 bars

Victory Park

- American Airlines Center
- W Hotel and Residences
- Nine Steakhouse
- Rain Night Club
- Belly Italiano



① Woodall Rodgers Park

Recently, the City of Dallas announced its intention and commitment to develop a \$100 million Park over Woodall Rodgers Freeway, which will link south Uptown to north Downtown Dallas. The new park will encompass 5.3 acres from Pearl Street on the east and Akard Street on the west. Funding for the Park will require contributions from the private sector, the City of Dallas and the State of Texas and will have an economic impact of \$312.7 million over twenty years. For more information about this project, please visit www.wrpproject.com.

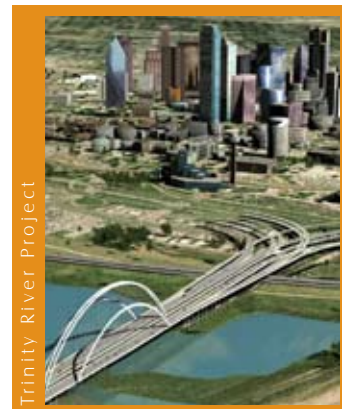
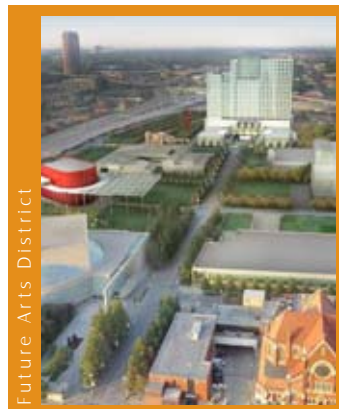
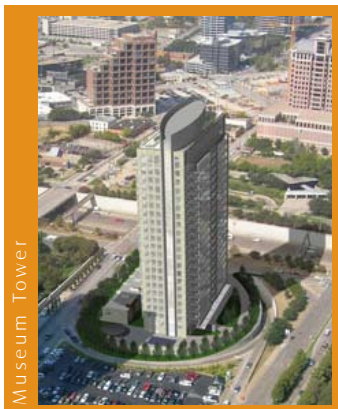
1616 Woodall Rodgers stands to benefit significantly from its location immediately adjacent to this exciting new park and from the recently announced Gables Residential development, to the east Property. Plans have been proposed to build a large apartment community on the five-acre site next to the Property, at Woodall Rodgers Freeway and Field Street, one of the largest prime development sites in Downtown.

The Arts District

1616 Woodall Rodgers is located within the 61.7-acre Dallas Arts District, one of the Nation's largest urban cultural districts, spans across seventeen blocks in north Downtown Dallas, between Woodall Rodgers Freeway and Ross Avenue. This area is home to several of Dallas' most prominent cultural institutions including the world-renowned Nasher Sculpture Center, the Dallas Museum of Art, and the Morton H. Meyerson Symphony Center. Continuously growing through public and private investments, the Arts District presents a neighborhood with a strong emphasis on the visual and performing arts.

Proposed

- ② **5-Acre Gables Residential Apartment Community.** 1616 Woodall Rodgers stands to benefit significantly from its location immediately adjacent to the Woodall Rodgers Park and from the recently announced Gables Residential development, to the east Property. Plans have been proposed to build a large apartment community on the five-acre site next to the Property, at Woodall Rodgers Freeway and Field Street, one of the largest prime development sites in Downtown.
- ③ **Annette Strauss Artist Square and Grand Plaza.** Construction will begin in 2008 on the final elements of Dallas' Center for the Performing Arts. The Annette Strauss Artist Square, designed by internationally renowned architectural firm Foster+Partners, will host a variety of outdoor events ranging from concerts to theatrical and dance performances, accommodating up to 5,000 in a serene, open-air setting. The Grand Plaza, designed to be larger than Trafalgar Square, will connect the Center's theater facilities in a park-like venue.
- ④ **Museum Tower.** The proposed \$100 million Museum Tower will be located in the heart of the Arts District. The 20-story high-rise condominium tower poised between the Morton H. Meyerson Symphony Center and the Nasher Sculpture Center will be a prominent addition to the exclusive neighborhood. The tower will feature a timeless design with up to 125 condominiums ranging from 900 square feet to 7,500 square feet priced from \$450 to \$600 per square foot.
- ⑤ **Trinity River Project.** The \$1 billion Trinity River project, currently underway, will transform the near-dormant Trinity River on the south and west sides of the Dallas CBD into an urban park and recreation area. The 20 mile long, 10,000-acre project will also include substantial transportation improvements that will dramatically improve traffic flow in and around Downtown Dallas. Critical elements of the project will include highway construction and recreational hike and bike trails, equestrian centers and three Santiago Calatrava bridges, with the first bridge anticipated for completion in 2009.



Under Construction

- ⑥ **Hunt Consolidated Office Tower.** Also under construction is the Hunt Consolidated Office Tower, rising at Akard, overlooking Woodall Rodgers. The 400,000 square foot project will include an adjacent parking garage and will total approximately \$120 million in investment. Fully occupied by Hunt Consolidated, the holding company for the oil and real estate businesses of Dallas' prominent Hunt family, the project will house 1,200 employees and is expected to retain an excess of 500 downtown jobs.
- ⑦ **Dee and Charles Wyly Theatre.** The 74,900 square foot Dee and Charles Wyly Theatre will be one of the world's most innovative theater facilities and will represent the ultimate union of architectural function and form in the modern performing arts. Designed by Rem Koolhaas, the 11-story and one-sublevel building will seat 600 and will feature an unprecedented "stacked," vertically organized design that completely rethinks the traditional form of theater.
- ⑧ **Margot and Bill Winspear Opera House.** The 198,000 square foot Margot and Bill Winspear Opera House with seating for an audience of 2,200 is designed to be the standard upon which all 21st century opera houses will be measured. Designed by Lord Norman Foster, the rich exterior red-stained drum of its auditorium will serve as a distinctive focal point of the Dallas Center for the Performing Arts' Grand Plaza. The 60-foot high curved glass walls will give interior views of the facility's public concourse, upper-level foyers and grand staircase.
- ⑨ **Dallas Center for the Performing Arts.** The Arts District will soon also include the \$275 million Dallas Center for the Performing Arts, including the Margot and Bill Winspear Opera House, designed by Lord Norman Foster, and the Dee and Charles Wyly Theater, designed by Rem Koolhaas. The third and final three-year phase of the project, of which \$257 million will be funded by the private-sector and another \$18 million coming from city issued bonds, was initiated in August 2006. The Center will also include an underground parking structure for 600 vehicles, which is currently under construction.

Existing

- ⑩ **Nasher Sculpture Center.** The world-renowned Nasher Sculpture Center, which opened in October 2003, has been the catalyst of current development activity. The Center is one of the few institutions in the world devoted to the exhibition, study and preservation of modern sculpture. An urban oasis of art and nature, it consists of a 54,000-square-foot building designed by architect Renzo Piano and a two-acre sculpture garden created by landscape designer Peter Walker. Collections exhibited indoors and out are mostly from the Raymond and Patsy Nasher Collection, one of the foremost collections of modern sculpture in the world, and from other global sculptors. The collection, assembled by the Nashers since the 1960's, is valued over \$400 million and includes works by Picasso, Miro, Moore, Dubuffet, Colder and many other sculptors.
- ⑪ **Dallas Museum of Art.** Established in 1903, the Dallas Museum of Art features an outstanding collection of more than 23,000 works of art from around the world, ranging from ancient to modern times. Recently, the Museum announced it received a series of cash donations and art bequests from leading collectors valued at over \$400 million, which will propel it into the spotlight as one of the top five international art destinations. These donations will enrich the Museums holdings by more than 800 modern and contemporary works, from masters including Monet, Willem de Kooning, Mark Rothko and Gerhard Richter.
- ⑫ **Morton H. Meyerson Symphony Center.** Opened in 1989, the Morton H. Meyerson Symphony Center concert hall is considered to be visually stunning and acoustically superb landmark. Designed by I.M. Pei, the exterior of the circular pavilion and lobby is constructed of glass and metal supports, which contrast with the solid geometric lines of the actual concert hall which seats approximately 2,062 people. The Meyerson famously houses the Lay Family Concert Organ and is the currently the home of the Dallas Symphony Orchestra, Turtle Creek Chorale, the Dallas Wind Symphony and the Greater Dallas Youth Orchestra.
- ⑬ **Belo Mansion.** The Belo Mansion, located at the corner of Ross Avenue and Olive Street in the heart of the Arts District, is owned by the Dallas Bar Association. Built in the early 1900's, the Mansion has been restored to its original splendor and in 2004, had the new Pavilion at the Belo Mansion connected to the back of the original structure by a large glass atrium. The new 20,000 square foot Pavilion includes a large ballroom, a gallery and an outdoor terrace which overlooks the Nasher Sculpture Center.
- ⑭ **One Arts Plaza.** When the \$125 million One Arts Plaza broke ground in 2006, it became the first significant office construction in more than two decades in Downtown. The 565,000 square foot mixed-use project will house the new headquarters of 7-Eleven and will feature upscale retail on the ground floors and high-end residential on the upper floors. The 418,000 square foot office portion of the project was delivered to the market earlier this year, 84.2% leased to tenants including 7-eleven and the law firm Thompson & Knight, LLP.

15 Victory Park

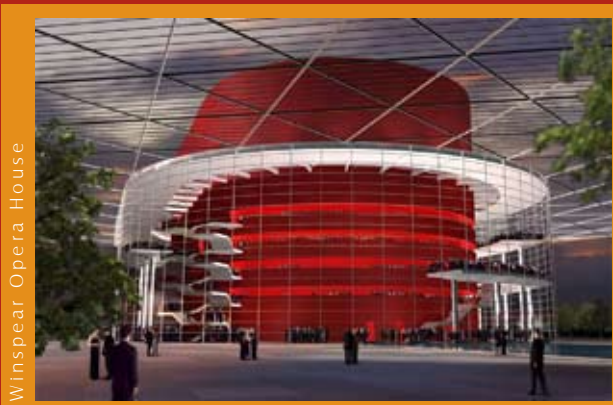
Immediately north of Downtown Dallas is the \$3 billion, 75-acre Victory Park mixed-use development featuring the American Airlines Center, a state-of-the-art sporting, entertainment and performance venue. Currently, construction is underway on several of the Park's office, residential and retail projects that will create it into one of the most vibrant and innovative mixed-use urban districts in the country. The W Dallas Victory Hotel and Residences opened last summer, featuring 143-unit residences ranging from \$400,000 to more than \$10 million or \$350-\$1,000 per square foot. The Terrace condominiums were also delivered in late 2006, with units ranging from \$250,000 to \$690,000 or \$298 per square foot. At full build-out, Victory Park will contain 4,000 residences, several top-of-the-line hotels and 4 million square feet of office and retail space. Office space is expected to quote average rental rates of \$36.50+E per square foot, due to its significant pre-leasing volume. When completed, it will serve as the catalyst to revitalizing the Downtown Dallas area and linking the affluent in-town districts of Uptown and Turtle Creek.



Victory Park



W Hotel



Winspear Opera House



Woodall Rodgers Park

16 West End Historic District

The 55-acre West End Historic District is a nationally recognized entertainment district and major tourism anchor for the City of Dallas, attracting an estimated seven million people annually. Established in the mid-1800, this true Dallas' historical district offers visitors a window into the past with beautifully preserved and masterfully renovated historical buildings. The West End provides a host of recreational opportunities such as retail attractions, fascinating museums, exciting nightlife, exquisite restaurants and a variety of cultural events. This district is also home to the famous Sixth Floor Museum at Dealey Plaza which provides a comprehensive exhibit on the life, death and legacy of President John F. Kennedy.



17 Main Street Redevelopment

The Main Street redevelopment has encouraged entrepreneurs and new business owners alike to invest in Main Street. By the end of 2007, nearly 300,000 square feet of retail and restaurant space will exist in the Main Street District. The energized urban atmosphere of the Stone Street Gardens, with nearly 10,000 square feet of retail space, has become one of the hottest spots in Downtown Dallas for shopping, lunch, happy hour or dinner and will soon feature several new parks.

Today the world-famous Neiman Marcus flagship store is now complemented by other retailers including: Kül Designs, a lifestyle store, art gallery and design studio; Swirll, a downtown winery and wine accessories store; Crimson In The City, a men and women's apparel boutique; Benjis Collezioni, a men and women's Italian clothier; Footgear, a hip, urban athletic shoe store; Dallas Fashion Incubator, unique apparel by Dallas-based designers; and UrbanMarket, a downtown grocer with a wide selection of essentials, gourmet items, prepared foods, café and bar. In addition to the growth in retail shops, the Main Street District has also become a friendly environment for new restaurants and nightlife.

Assumptions

GLOBAL			VACANT SPACE LEASING			SECOND GENERATION LEASING	
Analysis Period			Occupancy and Absorption			Office	
Commencement Date	August 1, 2007		Projected Vacant	8/1/07	265,061 SF	Retention Ratio	75%
End Date	July 31, 2010		Percentage Vacant	8/1/07	100.00%		
Term	3 Years		Financial Terms			Financial Terms	
Area Measures			Lease Term			Lease Term	
Building Square Feet (NRSF)	265,061 SF		2007 Annual Market Rent			2007 Annual Market Rent	
			Rent Adjustment			Rent Adjustment	
			Free Rent			Expense Recovery Type	
Growth Rates			Tenant Improvements (\$/NRSF)			[2] Free Rent	
Other Income Growth Rate	3.00%		Commissions			New	
Operating Expenses	3.00%		Absorption Period Start Date			Renewal	
Property Taxes	3.00%		Absorption Period			Weighted Average	
Market Rent Growth							
2008 -	3.00%						
2009 -	5.00%						
2010 -	7.00%						
General Vacancy Loss			EXPENSES			Tenant Improvements (\$/NRSF)	
5.00% [1]			Operating Expense Source			New	
			CY 2007 CBD Comps			Renewal	
Capital Reserves			Expense Recovery Type(s):			Weighted Average	
\$0.15 PSF			Base Year + E				
			Management Fee (% of EGR)			Commissions	
						New	
						Renewal	
						Weighted Average	
						Downtime	
						New	
						Weighted Average	

Notes:
All market rent rates are stated on calendar-year basis.

- [1] Vacancy Loss is calculated using the Total Gross Revenue and is reduced by Leaseup and Rollover downtime.
- [2] Free Rent assumption applies to first two years of the analysis. Year 3 and beyond there is no free rent.

Cash Flow

FISCAL YEAR ENDING JULY 31		2008	2009	2010	2011
Physical Occupancy		54.17%	100.00%	100.00%	100.00%
Weighted Average In Place Rent		\$10.16	\$17.70	\$18.58	\$19.08
Weighted Average In Place Rent + Recoveries		\$11.82	\$21.35	\$22.84	\$23.65
Market Rent		\$17.81	\$18.55	\$19.70	\$21.08
REVENUES	FY 2008 \$/SF/YR				
Scheduled Base Rent					
Existing Tenants	\$17.68	\$4,685,921	\$4,791,529	\$4,924,061	\$5,056,592
Absorption / Turnover Vacancy	(\$8.10)	(2,146,303)			
Base Rent Abatements	(\$4.08)	(1,080,401)	(99,536)		
Total Scheduled Base Rent	\$5.51	1,459,217	4,691,993	4,924,061	5,056,592
Other Revenue	\$0.00				
Expense Recoveries	\$1.66	440,112	968,383	1,129,500	1,210,942
TOTAL GROSS REVENUE	\$7.17	1,899,329	5,660,376	6,053,561	6,267,534
Vacancy/Credit Loss	\$0.00		(283,019)	(302,678)	(313,377)
EFFECTIVE GROSS REVENUE	\$7.17	1,899,329	5,377,357	5,750,883	5,954,157
EXPENSES					
Operating Expenses	(\$6.89)	(1,826,332)	(2,492,578)	(2,632,652)	(2,714,175)
TOTAL EXPENSES	(\$6.89)	(1,826,332)	(2,492,578)	(2,632,652)	(2,714,175)
NET OPERATING INCOME	\$0.28	72,997	2,884,779	3,118,231	3,239,982
CAPITAL COSTS					
Tenant Improvements	(\$30.00)	(7,951,832)			
Leasing Commissions	(\$8.82)	(2,338,293)			
Capital Reserves	(\$0.15)	(40,455)	(41,669)	(42,919)	(44,206)
TOTAL CAPITAL COSTS	(\$38.97)	(10,330,580)	(41,669)	(42,919)	(44,206)
OPERATING CASH FLOW	(\$38.70)	(10,257,583)	2,843,110	3,075,312	3,195,776

The Market

Downtown Dallas Revitalization

Currently, Downtown Dallas and its surrounding areas are experiencing a significant wave of development and revitalization exceeding \$5 billion. Projects range from new condominiums, trendy restaurants, performance halls, public parks and mixed-use developments are expected to transform Dallas into an enviable 24-hour destination.

The Dallas Downtown Partnership, in conjunction with the City of Dallas, the City Center Tax Increment Finance District (TIF), the Downtown Improvement District and the Central Dallas Association are working to restore the city's core to its former prominence. In 2006, the largest bond package in Dallas' history was approved for more than \$400 million which will be allocated for capital improvement projects, infrastructure initiatives and construction of new parks in and around Downtown.

Among the projects currently underway is the new Dallas Center for Performing Arts which will infuse more than \$170 million annually into the Dallas economy and create over 2,000 new jobs. In the last decade, more than \$650 million has been invested inside the Downtown freeway loop, including the \$70 million construction of the Nasher Sculpture Center in 2003, the \$65 million expansion of the Hyatt Regency Dallas in 2000 and the \$32 million construction of Camden Farmers Market Phase I Residences in 2001. In addition, the Dallas Convention Center underwent a significant \$125 million expansion, ensuring Dallas as a major convention center destination, bringing visitors and revenue to the Downtown area.

Commerce in Downtown

The Dallas Central Business District (CBD) has become a highly desirable location in which to do business, mostly in part due to its unparalleled access and amenities, competitive lease rates and significant investment by private and public sectors. Today, the Dallas CBD is the largest employment center in North Texas with a workforce over 135,000 people. Recently, Comerica announced it is moving its headquarters to Downtown Dallas, resulting in a near-term net absorption of 250,000 square feet in existing office space. Among the 200 businesses with corporate or regional headquarters already in Downtown are 7-Eleven, Hunt Consolidated, Lincoln Property Company, Odyssey HealthCare, Omnicron, Radiologix, SWS Group, Turner Construction and Fortune 500 companies, Blockbuster and Neiman Marcus.



Intown Dallas Residential Market

According to a first quarter 2007 forecast published by M/PF YieldStar, Intown Dallas is projected to be a key center of demand in the near-term future. With the fifth-highest annual demand in North Texas, Intown Dallas absorbed 730 units in 2006, ahead of the new supply of 670 units. As a result, the area surpassed the essentially full occupancy threshold of 95% and ended the year at 95.3%, ranking it third among local submarkets. Currently, there are approximately 149,699 people living within a three-mile radius of the Property with a median age of 35 years and a median household income of \$65,672. The Intown Dallas apartment submarket, which includes Downtown Dallas and significant portions of Uptown, contains 12,853 units. More than 50% of these residents have achieved a bachelor's degree or other advanced graduate, professional or medical degree. As a result, more than 62% of downtown residents are employed in management or in professions such as law, medicine and engineering. When surveyed, most downtown residents cite their desires for an urban lifestyle and being close to work as primary reasons to live Downtown.

Active Redevelopments

The area near 1616 Woodall Rodgers is experiencing a significant rejuvenation among formerly vacated and obsolete office buildings. Two notable projects include the Republic National Bank Building and the Mercantile Bank complex. The \$50 million, 36-story Republic National Bank project is expected to deliver to the market by mid-2007 and includes plans for a rooftop pool and garden. The former banking hall pavilion, with its trademark aluminum siding, is being refurbished by Gables Residential to include 229 high-end apartments. The complex will have units averaging 1,175 square feet and will contain four penthouses averaging 2,500 square feet.

The Mercantile Bank complex which encompasses an entire city block at Main and Ervay streets is being redeveloped by Forest City Enterprises. Scheduled for a mid-2008 completion, the majority of the old complex will be torn down to make room for new construction, except for the 63-year-old clock tower, which will be redeveloped into residential. The 31-floor clock tower will contain 225 apartments and will have the addition of new 15-story building containing 150 apartments and 30,000 square feet of ground-level retail. *Source: M/PF YieldStar*

Downtown Office Market

1616 Woodall Rodgers is perfectly located on a prominent site overlooking Woodall Rodgers Freeway on the north side of Downtown Dallas, just south of Uptown. The Property, positioned within the Arts District, is adjacent to the new 5.3-acre, \$100 million Woodall Rodgers Park, which will link south Uptown to north Downtown Dallas. With 30.4 million square feet of inventory, the Dallas CBD office submarket is the third largest in the overall Dallas market, while the Uptown office market is the fifth smallest with 9.5 million square feet. Uptown’s most exclusive office buildings totaling 4.2 million square feet, are located in the southern portion of the submarket and have an occupancy rate of 94.5%. The low vacancy allows the area to command \$32.22 per square foot full service asking rents that are unmatched in the local market. The area encompassing these southern Uptown properties and the office buildings within the northern portion of Downtown include the Arts District, the Ross Avenue properties, the Crescent mixed-use complex to the north and Victory Park to the west. These buildings benefit from their proximity and identification with the Arts District and Uptown submarket and share an unparalleled wealth of amenities. As illustrated in the chart below, these also outperform the Dallas CBD office market.

First Quarter 2007 - Office Market Statistics

Area	NRA	SF Vacant	% Vacant	2005 Net Absorption	2006 Net Absorption	Asking Rents (FS)
S. Uptown	4,251,213	238,226	5.5%	44,661	262,525	\$32.22
S. Uptown + N. CBD	11,021,119	1,215,714	11.0%	19,354	371,554	\$24.54
Dallas CBD	30,413,557	6,366,022	20.9%	153,380	395,438	\$18.13

Forecast

Fueled by demand among competitive product, the office market continues to be a leader in occupancy, absorption and rental appreciation. Properties in the immediate area, which are either proposed or under construction, are providing lead tenants with rates near \$30.00+E and are marketing remaining space at \$34.00+E to \$36.00+E. More robust leasing activity and continued tenant expansions in 2007 should result in additional positive gains throughout the year. The positive forecast for the area is further supported by Torto Wheaton Research, a business unit of CB Richard Ellis, which projects positive net absorption for the Dallas CBD over the near term.



Intown Class A Office Snapshot

Property	Size	Leased	Quoted Rents
1. Victory Plaza East & West	220,000 RSF	64%	\$35.00-\$38.00+E
2. The Crescent Office Towers	1,299,522 RSF	99.2%	\$34.00-\$38.00+E
3. 2100 McKinney	351,110 RSF	99.0%	32.00+E
4. Rolex Building	105,550 RSF	93.1%	30.00-\$33.00+E
5. Rosewood Court	400,000 RSF	36.3% (pre-leased)	\$34.00+E
6. 2000 McKinney	444,139 RSF	21.4% (pre-leased)	\$33.00-\$36.00+E
7. One Victory Park	458,232 RSF	55.1% (pre-leased)	\$32.00-\$35.00+E
8. One Arts Plaza	418,000 RSF	84.2%	\$32.50+E
9. Trammell Crow Center	1,128,331 RSF	93.7%	\$29.00+E
10. Chase Tower	1,296,407 RSF	82.2%	\$31.00+E

Transportation Advantages

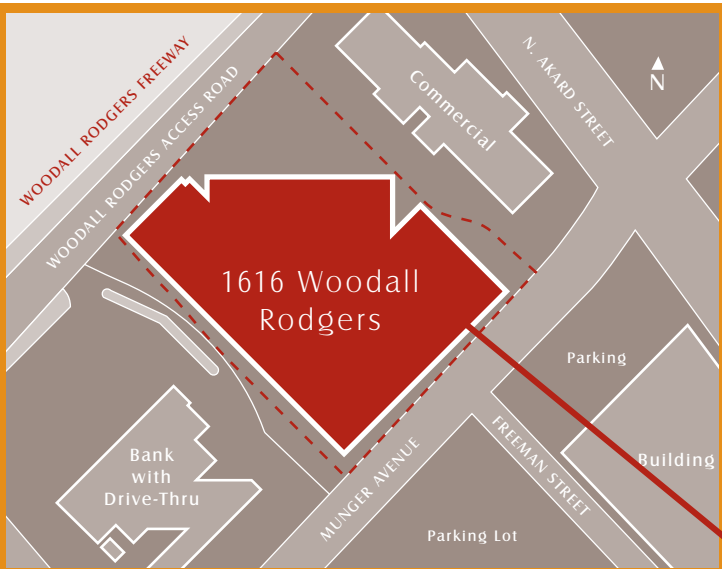
Downtown Dallas is centrally located and easily accessed from all points of the region through multiple modes of transportation. Downtown is the focus of five major highways and expressways that are used by one million vehicles daily. These thoroughfares include Interstate 30, Interstate 45, Interstate 35E, Central Expressway (US-75) and Woodall Rodgers Freeway. The entrance to the Dallas North Tollway lies at the south end of Uptown, just two minutes north of 1616 Woodall Rodgers, providing direct access to major business centers including Preston Center and Far North Dallas.

Downtown Dallas is located just twenty minutes from Dallas/Fort Worth International Airport, the world's third busiest airport. D/FW Airport has an estimated 2,100 daily flights to 160 worldwide destinations. With major cities in three nations, Canada, Mexico and U.S, only four hours away, it serves more than 60 million passengers annually (fifth highest in the world). The \$2.7 billion Capital Development Program at the airport will generate an additional \$34 billion in economic impact and create 77,000 new jobs over the next fifteen years.

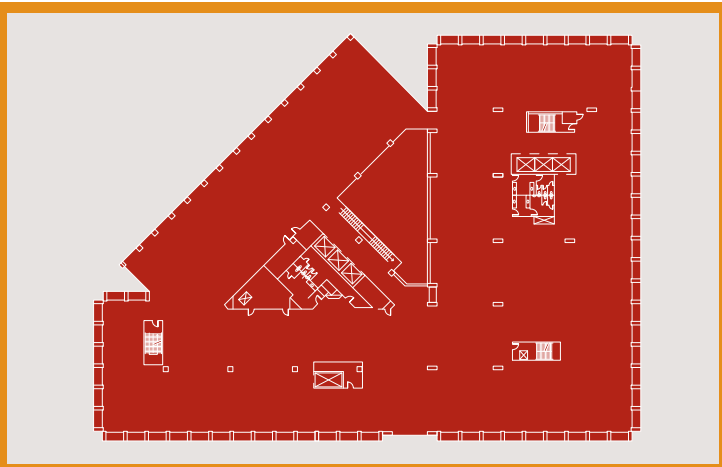
Dallas' Love Field Airport, considered one of the premier close-in airports in the Nation and the home base for Southwest Airlines, is located only within a ten-minute commute from Downtown Dallas. Love Field Airport provides a convenient and efficient airport serving both commercial airline and corporate user needs with over 200 daily departures and transporting approximately seven million passengers each year.

Downtown is the epicenter of the Dallas Area Rapid Transit (DART) network which covers 700 square miles in Dallas and 13 surrounding suburban communities, serving 94.4 million passengers. In conjunction with DART Rail, Trinity Railway Express (TRE) and bus services, DART moves more than 200,000 passengers per day across the Metroplex. Through 2013, DART will more than double the miles in its light-rail system, due largely in part to a \$700 million funding grant from the Federal Transit Administration. The \$2.5 billion expansion will span 21 miles including a new line connecting Downtown Dallas with D/FW Airport. Additionally, the M-Line Streetcar Service connects Uptown to Downtown via restored vintage streetcars. They provide free daily travel along McKinney Avenue from the DART Cityplace Station to Ross Avenue at Saint Paul Street.

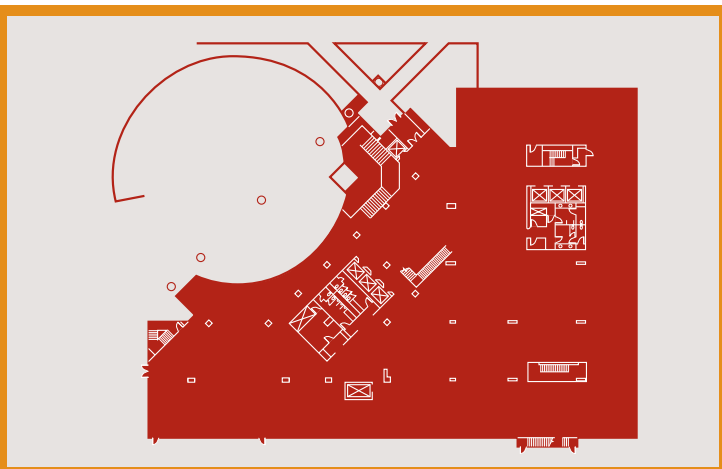
Site Plan - 1.59 Acres



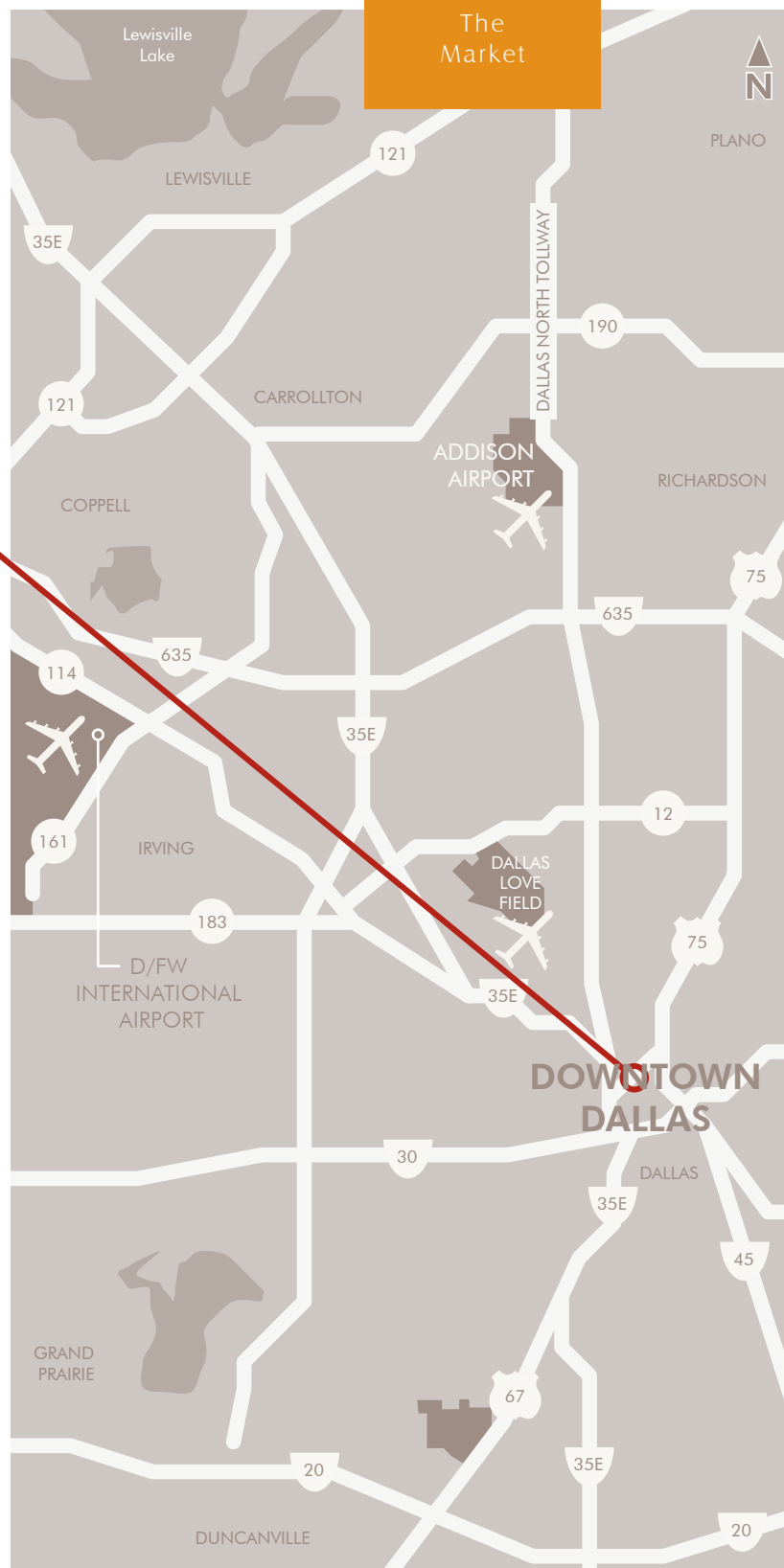
Typical Floor Plan - 34,794 RSF



1st Floor Plan - 31,421 RSF



The Market



Physical Description

Construction Completions

South Tower: constructed in 1978 with improvements made in 1989

North Tower: addition added in 1992



Foundation and Frame

The Building is built of a reinforced concrete frame on a reinforced concrete slab with concrete piers. The foundation is comprised of bonded post-tension transfer girders and post-tension beams. Floors consist of steel reinforced concrete.

Exterior Finish

The Building features two distinct exterior finishes. Concrete clad fascia with recessed tinted windows on both ends of the Building frame the granite veneered and tempered glass entrance façade. The lower portion of the entrance façade features granite columns and two-story concave glass windows.

Roof

The Supreme Systems roof consists of a 3-1/2" ISO board covered by a hot-mop applied 3/4" perlite board and surface reglets. The roof was replaced in 1991.

Elevators and Elevator Lobbies

1616 Woodall Rodgers has three banks of elevators featuring two distinct finishes. The first bank contains three (3) 3,500 lb. Westinghouse cable-hoisted electrically powered elevators rebuilt by Montgomery in 1992 that run from the P-2 to the executive reception hall on the 8th floor. Elevator cab finishes consist of wood paneled walls, commercial carpet floors and canister lights. The elevator lobbies are finished with concrete walls with wood accents and a glass covered wood suspended ceiling with recessed lighting.

The second bank consists of three (3) 3,500 lb. Montgomery cable-hoisted electrically powered elevators installed in 1992 that run from the lobby to the 8th floor. Cab finishes consist of wood paneled walls with green marble accents, brass fixtures and recessed lighting. The lobbies connected to this bank of elevators are finished with wood paneling that matches the elevators cabs and a suspended drywall ceiling with can lights. The final bank consists of one (1) 2,000 lb. Montgomery hydraulic shuttle elevator that runs from P-2 to the lobby. The cab in this bank matches those of the second bank. One (1) 6,000 lb. Montgomery cable-hoisted electrically powered freight elevator installed in 1992 connects the P-2 machine room, the P-1 loading dock and the lobby kitchen with the eight office floors.



Lobby

1616 Woodall Rodgers features a naturally illuminated eight-story atrium lobby, which elegantly displays the ecru and terra cotta marble tile that adorns its floors and walls. The atrium forms the hub around which the building revolves and is linked to each story by a dramatic ascending staircase.

Office Finishes

1616 Woodall Rodgers consists primarily of open floors surrounded by perimeter offices. Floors 2 - 7 and half of 8 are finished with commercial grade carpet in work areas and vinyl tile in break rooms. Walls consist of textured painted or wallpapered gypsum wallboard over metal studs. Ceilings consist of acoustic 2' x 2' acoustic tiles interspersed with 2' x 2' fluorescent lights. The second half of the eighth floor contains lavishly appointed executive offices from which tenants may view some of Dallas' most striking urban architecture. Richly varnished wood paneling covers the walls, while plush carpets line the floor. The executive offices include three conference rooms.

Restrooms

On the lobby level, the Building features three sets of restrooms including those connected to the fitness center. Floors 2 - 7 contain two sets of restrooms per floor, one set on the north side and one set on the south side of the building. The north side has men's restrooms with 2 sinks, 2 urinals and 1 toilet and women's restrooms with 3 sinks and 3 toilets. The south side has men's restrooms with 2 sinks, 2 urinals and 2 toilets and women's restrooms with 2 sinks and 4 toilets. The eighth floor, which contains the executive offices, contains two sets of common restrooms, one pair of executive restrooms and 8 individual executive restrooms. All executive restrooms possess one toilet and one sink, and some feature private showers. Most restrooms feature 2" x 2" ceramic tile floors and backsplashes and Corian countertops except the executive restrooms, which feature marble counter tops.

HVAC System

A piped chilled water system originating from a central plant located on P-2 provides cooling for the office tower. Two (2) 350-ton York and Three (3) 350-ton Carrier centrifugal chillers generate chilled water that is then circulated by pumps to a pair of air handlers located on each floor of the Building. The system also features four (4) 350-ton Marley cooling towers that were replaced in 1991. Electric fan powered boxes provide heat. Ceiling mounted perimeter slot and perforated diffusers distribute air to the offices. Supplemental return air grilles at each light fixture exhaust the return air. The Building is equipped with an Invensys energy management system that includes zone dampers and thermostats on the DDC control system. A zoned thermostat controls the damper on each zone duct.

Electrical System and Power Distribution

The Building's redundant power system contains triple feed power from 2 separate substations. As is noted under the Covenants and Agreements heading, the adjacent Cumberland School Building purchases electricity and chilled water from 1616 Woodall Rodgers. Additional power is provided by (3) 1500 KW Onan Gensets Cummins Diesel powered generators that were purchased in 1997. Fuel for the generators is stored in a 2,375-gallon underground fuel tank. Each generator consumes 95 gallons per hour and is individually capable of providing electricity sufficient to power all building systems.

Emergency Power System

1616 Woodall Rodgers employs an 825 KW Steward Stevenson generator with an underground 4,000-gallon storage tank located beneath the monument sign along the Woodall Rodgers Freeway service road. The Building also features 3 uninterruptible Power Source lead-acid battery rooms in the electrical room on level P-2.

Life Safety & Fire Protection

The Building is fully sprinklered with a wet pipe system except the approximately 10,000 square foot data center and the atrium ceiling, which feature a pre-action system. The Building features an XP Series Transponder fire panel manufactured by Notifier. The Building also features two emergency exit stairwells.

Security

The Property's lobby and security desk allow for a potential on-site security officer and engineer, so that they can make periodic inspections of the Building. All entrances including those to the garage and loading dock are secured and require access cards. The configuration of the entrances and active elevators require employees, visitors and vendors to pass the lobby security desk upon entering the Building. One bank of elevators and the freight elevator, however, connect directly from the garage to each floor. As such, access to these elevators is strictly controlled.

Zoning

The Property is zoned CA-1 "Central Area Districts." This classification permits offices, retail, restaurant, wholesale, warehousing, residential and limited manufacturing. Building signage is permitted but must meet the standards of the Downtown Special Provision Sign District: Upper level flat attached signs such as crown signage may have a maximum of eight words that contain any character of a height equal to or exceeding four inches. Upper level flat attached signs must be wholly located within the portion of a facade more than 36 feet above grade and within the top 12 feet of a facade. The total effective area for all signs on a facade may not exceed 30 percent of this area. Attached signs may not project more than four feet above the roofline. Additions and changes to existing signage are subject to review by the city's special sign district advisory committee.

Taxing Entities:

- Dallas County
- City of Dallas
- Dallas School Equalization District
- Downtown Improvement District*
- Dallas County Community College District
- Dallas Independent School District
- Parkland Hospital District



The Downtown Improvement District (DID) is a special assessment district that offers enhanced safety, maintenance, communications, events and capital improvements projects to Downtown Dallas. The DID is funded by downtown property owners through a special assessment paid on real property. Past DID projects include the Dallas Ambassadors, a friendly, street-level safety presence; a twelve-story outdoor mural on Renaissance Tower Parking Garage; a downtown beautification project; an enhanced sidewalk cleaning program and purchase of ninety trash receptacles; a free weekly street fair; a new Mobile Command Unit for the Dallas Police Department; and reconstruction of Murphy's Crossing pedestrian walkway.

Covenants and Agreements

Under parking, access and utility agreements, 1616 Woodall Rodgers and the adjacent Cumberland School Building share the following: Tenants and the owner of the Cumberland School Building to the east of 1616 Woodall Rodgers have the right to use 20 reserved parking spaces in the 1616 Woodall Rodgers garage for a fee of \$35.00 per space per month. The spaces are currently located in the first and second aisles on the first level of the parking garage but may be moved at the reasonable discretion of the 1616 Woodall Rodgers owner. The agreement remains in effect unless the Schoolhouse building is demolished or destroyed. Tenants and the owner of 1616 Woodall Rodgers have pedestrian, emergency vehicle and non-routine vendor/delivery access to the 20' wide driveway located on the Cumberland School Building site along the common property line. The owner of 1616 Woodall Rodgers is responsible for 75% of the cost to maintain and repair the driveway. As long as the Cumberland School Building is used primarily for offices, it receives its electricity and air-conditioning from facilities located within 1616 Woodall Rodgers and is allowed to access those facilities as needed. The owner of the Cumberland School Building is billed 100% of its utility costs and 25% of the HVAC equipment maintenance and repair. The owners of both properties agree to coordinate security patrols and trash removal. Each party pays for its own use of the services.

1616 Woodall Rodgers

Offering Memorandum

DALLAS, TEXAS

Exclusive Marketing Advisors

Russell Ingrum

Executive Vice President

972.458.4967

russell.ingrum@cbre.com

www.cbre.com/russell.ingrum

Gary Carr

Executive Vice President

972.458.4809

gary.carr@cbre.com

www.cbre.com/gary.carr

CB Richard Ellis

5430 LBJ Freeway

Suite 1100

Dallas, TX 75240

www.cbre.com/igdallasoffice



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