

Evaluating TIC Sponsors

Tenant-in-Common Association

Grand America Hotel, Salt Lake City, UT

March 11, 2008



Mackay Reid

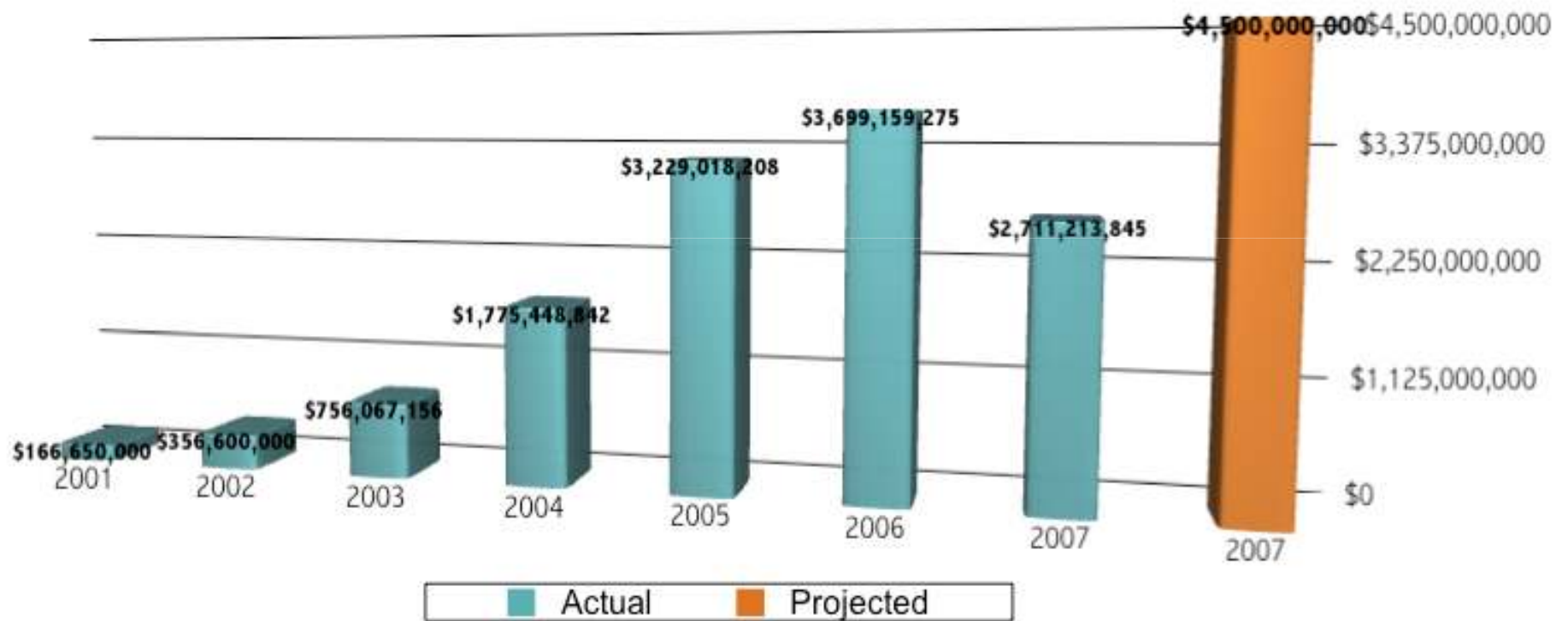
Director Due Diligence

TICTALK

Statistics & Research Provided by

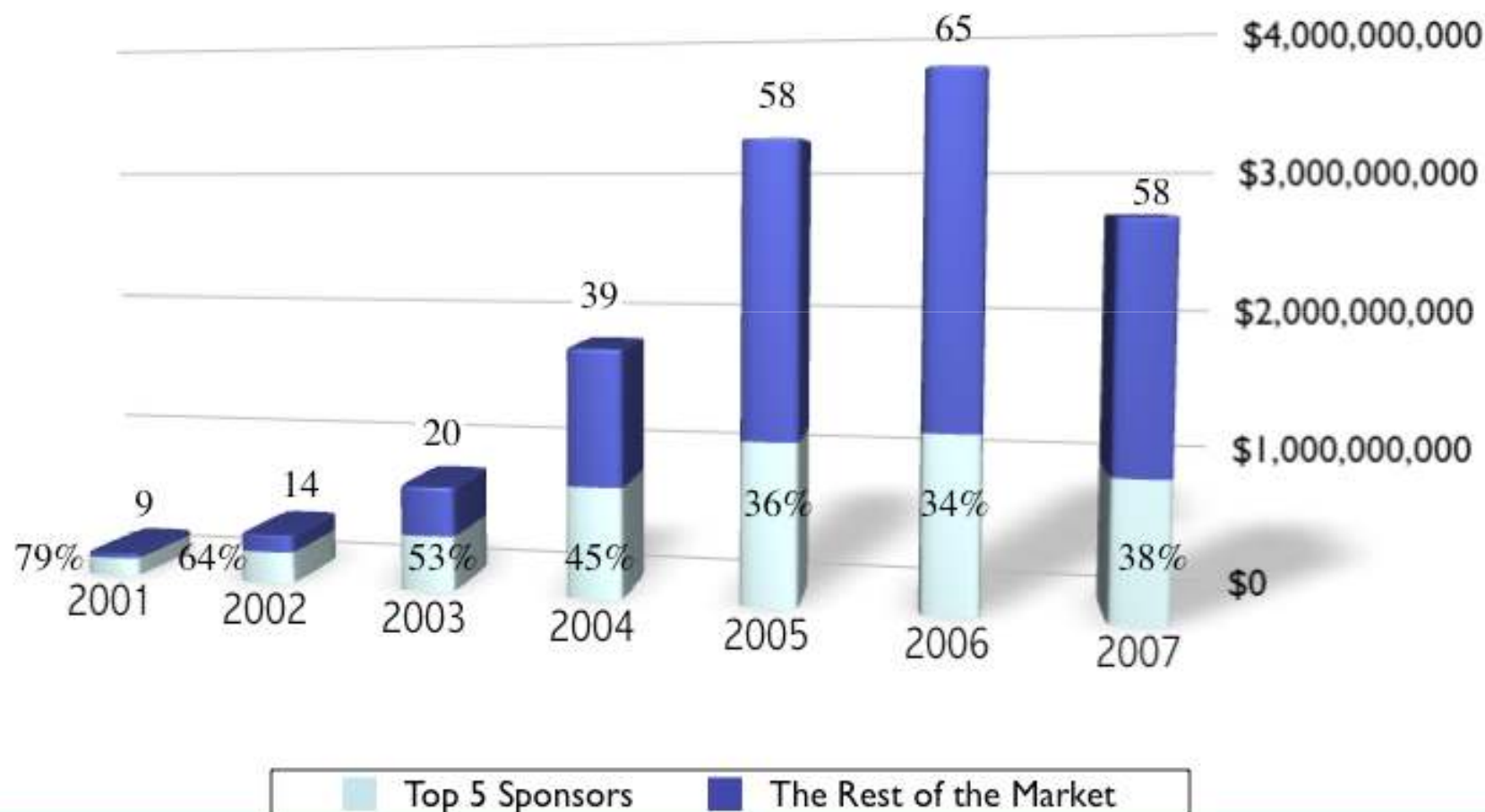


Annual Industry Growth



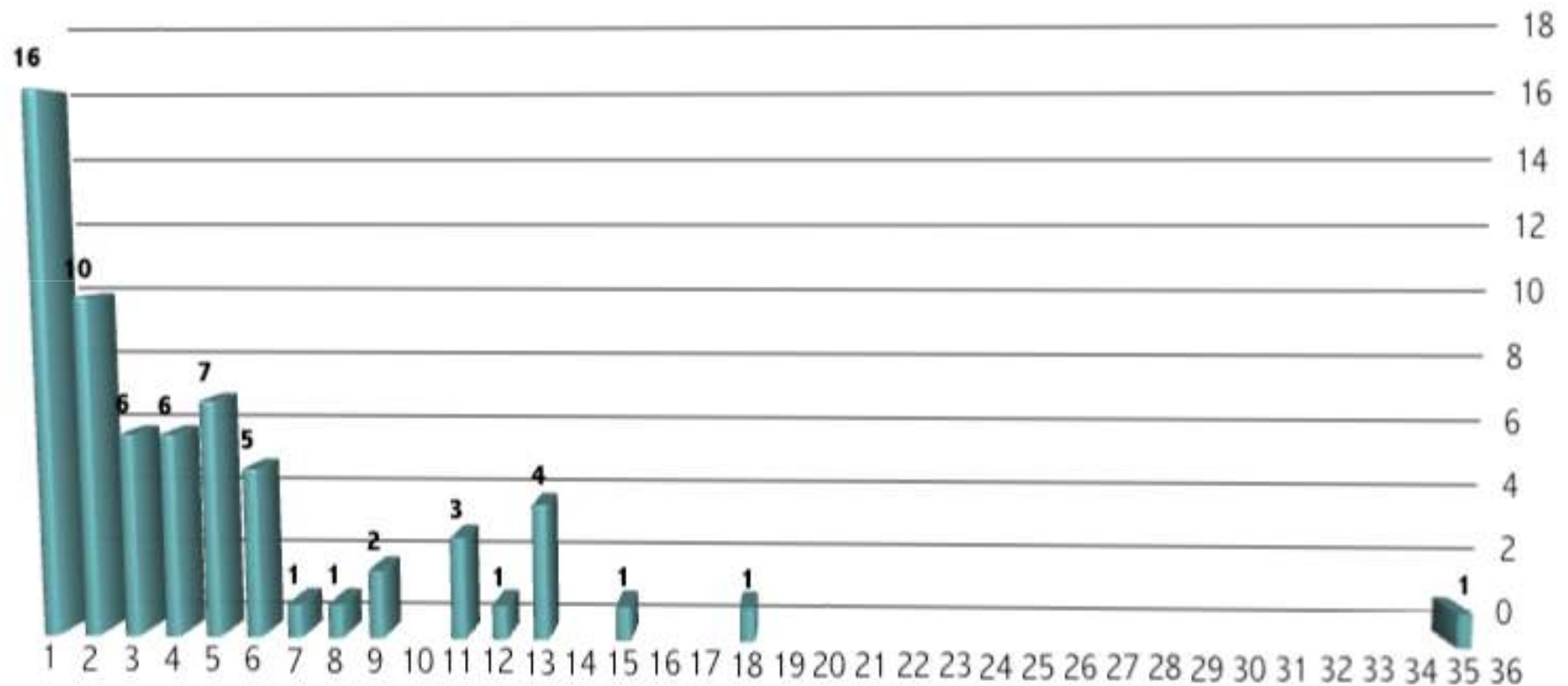
Sponsor Growth & Activity 2001-2007

Total Number Of Sponsors
Percent of Equity Transacted By Top 5 Sponsors



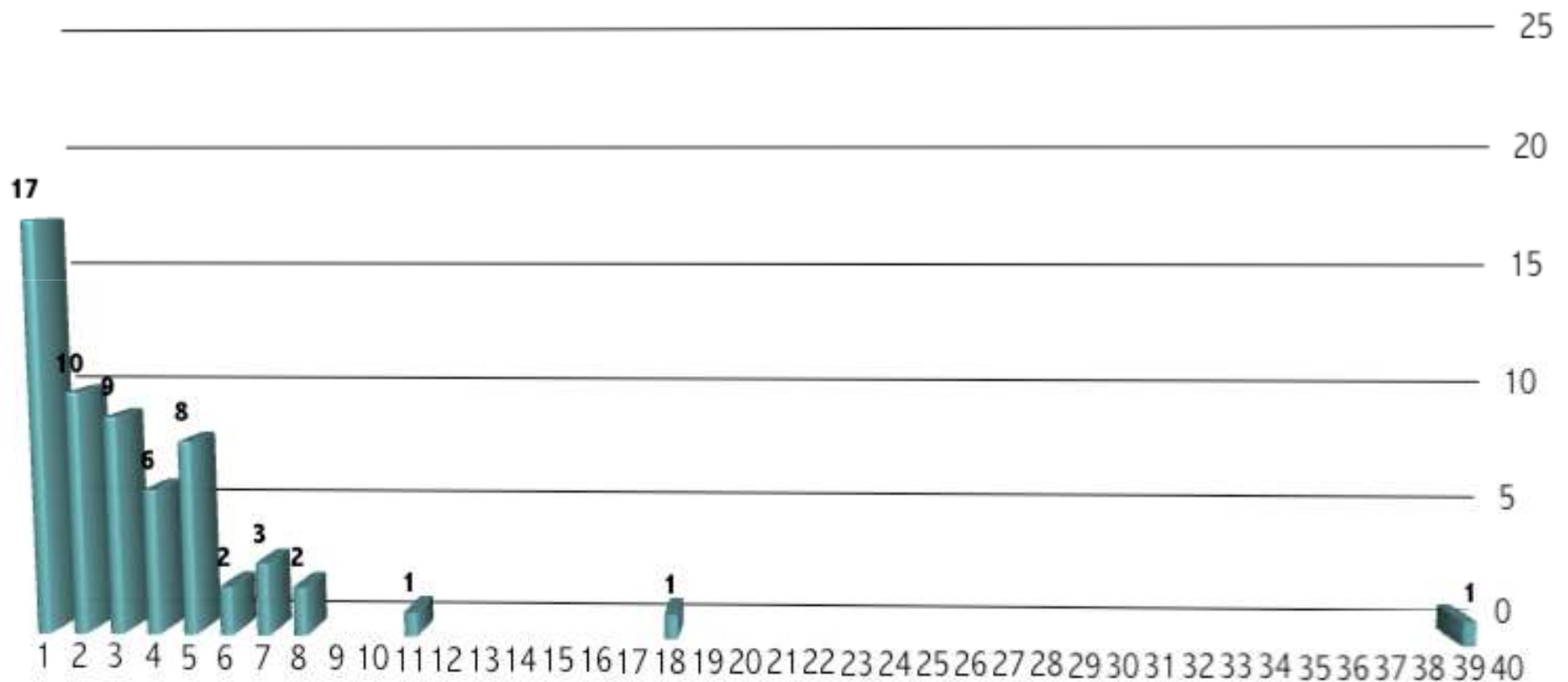
2006 TIC Programs Per Sponsor

361 Closed Transactions by 65 Sponsors



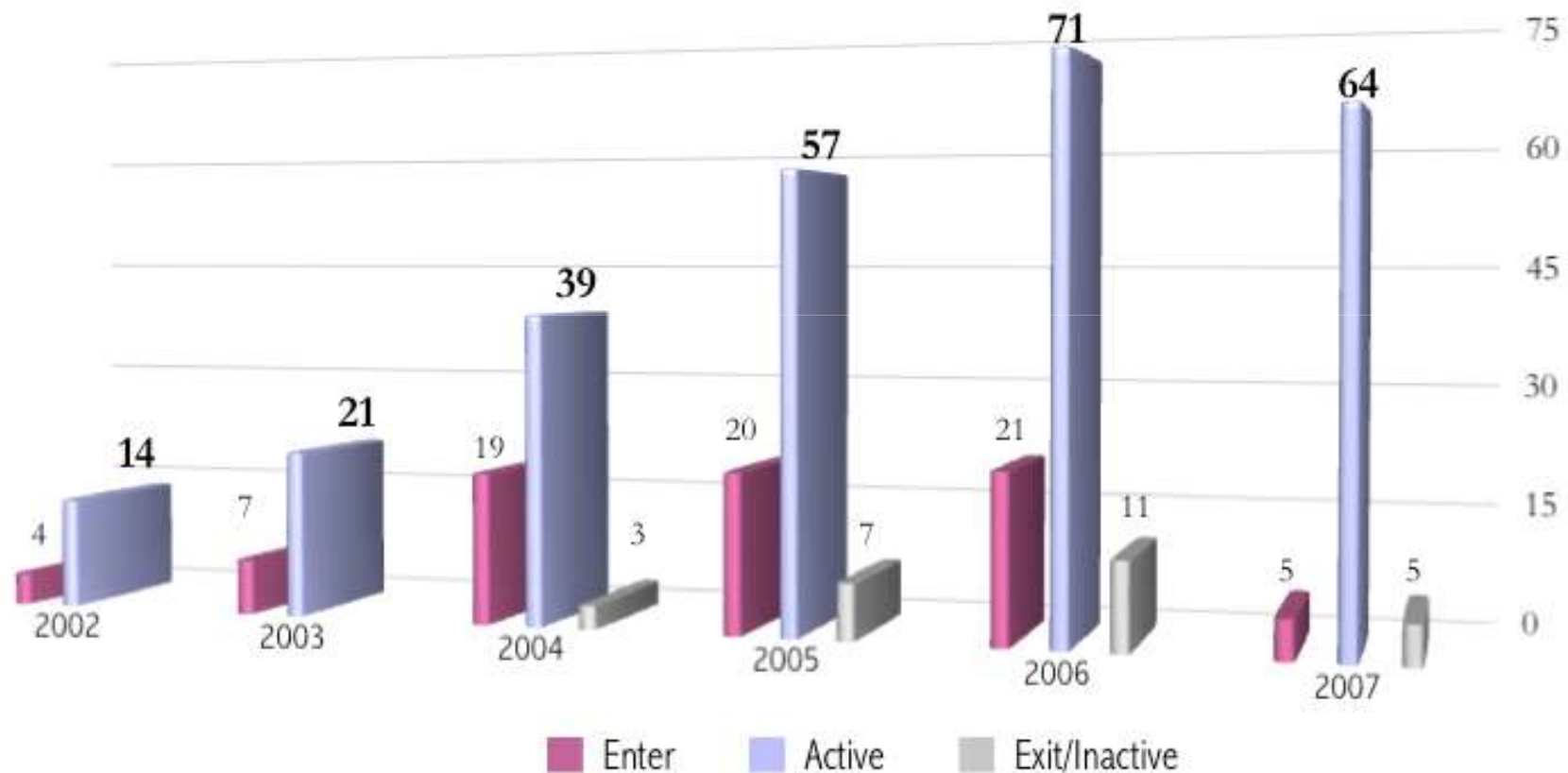
2007 TIC Programs Per Sponsor

247 Closed Transactions by 58 Sponsors



Sponsor Activity

2002-2007



Sponsor Statistics

TIC Market

- **89** Sponsors since 2002 who have closed a deal
- **7** Sponsors have attempted to bring out a deal and failed
- **16** of the 89 Sponsors were “one hit wonders”

Breakdown

- **18%** of new Sponsors are one and done
- **24%** of new Sponsors are either one and done or fail to close a deal.

*Statistics do not include sponsors of 1031 Oil & Gas offerings



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Industry Turmoil

- Credit markets have dried up
- Slowing economy
- Increasing cap rates
- Industry specific events

- Effects on Sponsors in the Industry
 - Offerings are being pulled back
 - Leaving the industry or going inactive
 - Downsizing
 - Restructuring



Factors we look for in TIC sponsors

- Managerial Experience
- Track record of prior offerings
- Ability to obtain financing and close a deal
- Financial condition of the sponsor and its principals
- Demonstrate the ability to show stability in the marketplace
 - Virtual Sponsors
 - 24% of new Sponsors historically have not succeeded
- Internal Infrastructure
 - Investors relations, accounting and reporting, asset management



Factors we look for in TIC sponsors

- Asset type diversity and expertise
- Quality and experience of partners
 - Attorneys
 - 3rd Party report providers
 - MBD
- Compliance
 - Appropriate representation of the property
 - Best Practices
 - Rev Proc



Myths for Success

- Large sales force
- Elaborate spending on entertainment
- Exotic product types will always be in demand
- Big name doesn't translate to success



TIC Due Diligence



- 24% In and Out ratio
- Slowing Economy
- Industry Specific Changes
- Slowdown in Commercial Real Estate