



## Dallas-Fort Worth: Rapid Growth in Population and Jobs

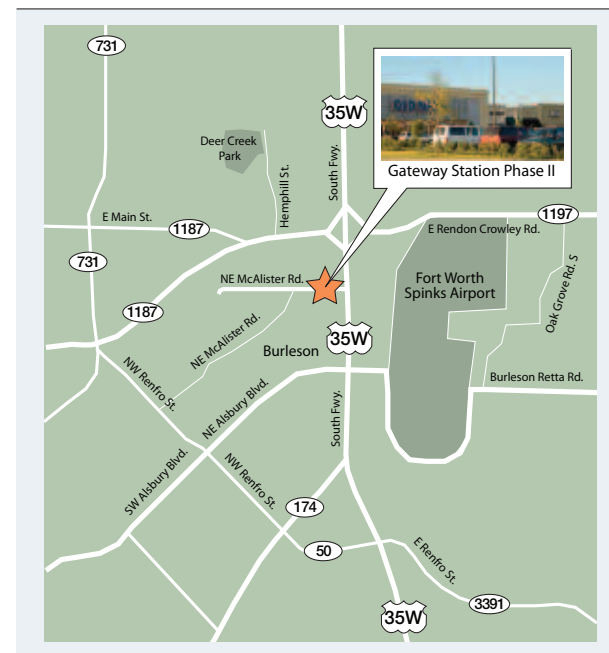
The Property is located in the Dallas-Fort Worth-Arlington Metropolitan Statistical Area (Dallas MSA). With a population of more than 5.9 million, the Dallas MSA now ranks as the fourth largest metropolitan area in the nation, following New York, Los Angeles and Chicago.

The Dallas MSA has experienced tremendous growth in employment over the past 20 years. According to preliminary data from the Bureau of Labor Statistics, Dallas-Fort Worth produced 65,100 jobs during the twelve months ending November, 2006. The Dallas MSA is one of the few major southern business centers to see accelerating job growth in recent years, thanks to a steady flow of corporate relocations and expansions by major corporations including Home Depot, Countrywide, Sanyo Energy and Fluor.

The Property has access to a labor force of more than three million, one of the largest labor pools in the nation. Current employment in Tarrant County, where the Property lies, is about 872,004 people with a current unemployment rate of 4.9 percent. The region's largest employers are a diverse group of multi-national corporations spanning a multitude of industries including transportation, telecommunications, energy, retail and technology. During 2006, the Dallas-Fort Worth metro area set a record high with Fortune 500 companies, reaching a new corporate count of 22 with the addition of Atmos Energy, Blockbuster, Celanese and Energy Transfer Partners.

The Dallas-Fort Worth-Arlington MSA is a relatively young market, with a median age of only 33.0 years. The MSA is also relatively well educated and affluent, with 29.3% of its population having Bachelor degrees or better, and 21.5% of its households having annual income greater than \$100,000. Median household income is projected to improve over the next five years, averaging 3.8% annually.

MAJOR EMPLOYERS LOCATED IN FORT WORTH		
COMPANY	BUSINESS	EMPLOYEES
American Airlines	Airlines	28,492
Lockheed Martin Aeronautics Co.	Aeronautics	15,000
Fort Worth Independent School District	School District	10,389
Arlington Independent School District	School District	7,981
Bell Helicopter Textron, Inc.	Aeronautics	6,000
City of Fort Worth	Municipal Government	5,750
University of Texas at Arlington	Education	5,190
GameStop, Inc.	Retail	4,900
Tarrant County Government	Government	4,050
Chase	Banking & Financial	4,000
Cook's Children Medical Center	Medical	3,800
Harris Methodist Fort Worth Hospital	Medical	3,789
Sabre Holdings Corp.	Travel Industry	3,500
BNSF Railway	Railway / Transport	3,500
Radioshack Corporation	Retail	3,337
Countrywide Financial Corporation	Banking/Financial	3,066
General Motors Assembly Plant	Automotives	3,000



## Economic Overview

The Dallas/Fort Worth-Arlington Metropolitan Statistical Area (Dallas MSA) consists of twelve counties in northeast Texas encompassing approximately 9,700 square miles.

Based on 2006 estimates, the Dallas MSA has a population of more than 5.9 million. This makes it the fourth largest metropolitan area in the nation, following New York, Los Angeles and Chicago. Over the past thirty years the Dallas MSA has consistently outpaced the Top 100 in population growth.

Cities throughout the MSA are undergoing development that will boost the area's economy. The \$3 billion Victory Park project by Hillwood is rapidly changing the face of downtown Dallas. The 75-acre development is one of the most fast-paced and ambitious urban redevelopments in the nation and the biggest in Dallas since the 1930's. At full build-out, the development will sprawl over 33 city blocks, including more than 4,000 residential units and 330,000 square feet of office and retail.

In the city of Arlington, construction has recently begun on the \$1 billion, twenty-story Dallas Cowboys football stadium. Although the stadium won't be finished until 2009, it is expected that the facility will have a ripple effect on development in the immediate area. Texas Rangers owner Tom Hicks is moving forward with a \$600 million, mixed-use lifestyle center development known as Glorypark that will consist of more than 1.2 million square feet of retail, 300,000 square feet of office, high-rise and mid-rise residential, and two hotels.

City and county officials are hoping to revive the area of southern Dallas County with a new intermodal facility and a proposed inland port estimated to add \$157 million a year to the local economy. Currently the third largest facility of its kind in the nation, this terminal could eventually handle 365,000 containers a year.

**Employment** According to preliminary data from the Bureau of Labor Statistics, Dallas-Fort Worth produced 65,100 jobs during the twelve months ending November, 2006. The region's service industry reported the biggest job increases during that time, as service-related employers added 42,100 new job positions. On the other hand, the manufacturing sector lost 4,300 positions for the year ending November, 2006, as defense contractors froze hiring in anticipation of weaker defense funding. Fortunately, the opening of the new Texas Instruments' \$3 billion chip plant in Richardson, which will eventually employ about 1,000 people, should help boost the manufacturing industry in 2007.

Dallas-Fort Worth-Arlington's employment base is considered to be relatively diverse, with Trade, Transportation and Utilities and Professional and Business Services accounting for the bulk of total employment. The area's employers include multi-national corporations spanning a multitude of industries: transportation, telecommunications, energy, retail and technology. During 2006, the Dallas-Fort Worth metro area reached a record 22 companies on the *Fortune 500* list.

**Current Trends** With a highly diversified economy, economic growth in Dallas has consistently outpaced the national average over the past several decades.

- Between 1996 and 2006, Dallas' Gross Metro Product (GMP) averaged a 4.8% annual growth rate, 120 basis points above the 3.6% averaged annually by the Top 100 MSAs.
- Through 2011, the region's GMP is forecast to grow at an annualized rate of 3.8%, compared to the 2.7% annualized growth projected for the Top 100.
- The Dallas MSA has consistently ranked among the nation's top metro areas in total employment growth. Since 1996, employment growth in Dallas-Fort Worth-Arlington averaged 2.0% annually, compared to the 1.4% annualized growth of the Top 100.
- Through 2011, employment growth in Dallas is expected to average an annual rate of 2.4% compared to a projected 1.4% annual rate for the Top 100.
- Looking forward, the area's unemployment rate is expected to continue its decline and average 4.2% by 2011, slightly below the Top 100 average of 4.4%.



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## Adjacent to a Vigorous Region's Dominant Power Center

Gateway Station Shopping Center Phase II (the "Property") is a multi-tenant regional shopping center located within the larger Gateway Station Shopping Center, the dominant power center in the South Fort Worth/Burleson region of the Dallas-Fort Worth, Texas, Metroplex. South Fort Worth/Burleson is one of the Metroplex's fastest-growing and most desirable suburban areas: approximately 67,000 residents live within five miles of the Property and that figure is expected to grow to 74,000 (10%) by 2011. The area's median household income is more than \$62,000, exceeding both the state and national figures of \$45,956 and \$48,271, respectively. The Property's location provides access to one of the largest labor pools in the nation. The Metroplex's labor force is currently more than three million, and that number is expected to rise to seven million over the next twenty years. Current employment in the immediate Tarrant County area is about 872,004 people, with an unemployment rate of 4.9 percent.

Completed in 2004, the Property consists of 78,794-square-foot in three Class A multi-tenant single story buildings situated on 11.398 acres. Built with stone and painted stucco, modern signage and colorful landscaping, the Property is the most eye-catching center in the market and has helped attract some of the nation's most dominant retailers. As of August 2007, the Property was 95.3 leased to an impressive tenant roster including: Ulta, Old Navy, Aeropostale, Bom-

bay Company, Catherine's, Hibbett Sports, Lane Bryant, Motherhood Maternity, PacSun, Panda Express, rue 21 and Zales Outlet. Category-leading retailers Kohl's, Linens n Things, Michaels, Ross, PetsMart, Borders Books and Staples anchor the adjacent Gateway Station Phase I and act as shadow-anchors, generating a high volume of consumer traffic for the Property.

The Property is located in the southwest portion of the Metroplex, just 12 miles south of the Fort Worth Central Business District, 42 miles southwest of the Dallas Central Business District and 28 miles southwest of the Dallas-Fort Worth International Airport. The Property represents the center of an emerging retail market, with JC Penney, Academy Sports, Lowes, Best Buy, Conns Electronics, Circuit City, Wal-Mart and Albertsons anchoring the Property's immediate neighbors. Additional demand generators include Fort Worth Spinks Airport, which is located one intersection north of the Property at I-35 West and FM 1187 and offers general aviation services and private aircraft hangers on 822 acres. Owned and operated by the City of Fort Worth, the airport is expanding with construction of 259,000-square-foot of new facilities on nearly six acres, including a \$3.2 million, 6,000-square-foot executive terminal and two box hangers.



This material does not constitute an offer to sell or a solicitation of an offer to purchase securities and is only authorized for use when accompanied or preceded by a definitive Private Placement Memorandum and any Supplement(s) thereto ("PPM") regarding the sale of tenant-in-common interests in Gateway Station Shopping Center Phase II. Reference is made to the PPM for a statement of the risks and terms of the offering. The information herein is qualified in its entirety by the PPM. All potential investors must be "accredited investors" under the federal securities law, must read the PPM and acknowledge receipt and review of PPM.

above the standard





**GATEWAY STATION PHASE II**

Key Investment Considerations	<b>INVESTMENT NAME:</b>	Covington Gateway Acquisition, LLC
	<b>LOCATION:</b>	12858 – 12920 South Freeway; 1185 N. Burleson Blvd. Fort Worth / Burleson, Texas 76028
	<b>INVESTMENT STRUCTURE:</b>	Securities Offering, Tenants in Common
	<b>PROPERTY TYPE:</b>	Class A Multi-Tenant Regional Power Center
	<b>NET RENTABLE SQUARE FEET:</b>	78,794
	<b>CURRENT OCCUPANCY PERCENTAGE:</b>	95.31%
	<b>TOTAL CAPITALIZATION:</b>	\$21,504,673
	<b>FIRST MORTGAGE LOAN:</b>	\$14,100,000 5.60% fixed rate / 5-year Interest Only Non-recourse/10-year term
	<b>INITIAL DEBT SERVICE COVERAGE RATIO:</b>	1.61x
	<b>LOAN TO TOTAL CAPITALIZATION:</b>	65.57%
	<b>TOTAL EQUITY:</b>	\$7,404,673
	<b>MINIMUM EQUITY INVESTMENT:</b>	\$222,140
	<b>ALLOCATED DEBT PER MINIMUM EQUITY INVESTMENT:</b>	\$423,000
<b>INITIAL YIELD TO INVESTOR:</b>	6.57% (increasing to 8.0%, average yield 6.82%)	
<b>HOLDING PERIOD:</b>	10 years	

Investment Returns: Minimum Investment of \$222,140											
FISCAL PERIOD ENDING JULY 31	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TOTAL
<b>CASH ON CASH RETURN:</b>	6.57	6.59	6.61	6.62	6.65	6.70	6.70	6.73	7.04	8.00	
<b>CASH DISTRIBUTION TO INVESTOR:</b>	\$14,598	\$14,632	\$14,688	\$14,711	\$14,768	\$14,886	\$14,892	\$14,939	\$15,631	\$17,762	\$151,505
<b>RETURN OF CAPITAL:</b>											\$222,140
<b>NET SALES PROFIT:</b>											\$102,474
<b>TOTAL CASH FLOW TO INVESTOR:</b>	\$14,598	\$14,632	\$14,688	\$14,711	\$14,768	\$14,886	\$14,892	\$14,939	\$15,631	\$17,762	\$476,119
<b>PROJECTED INTERNAL RATE OF RETURN:</b>											10.0%
<b>AVERAGE ANNUAL RETURN ON EQUITY:</b>											11.4%

The projections and anticipated returns are estimates based upon specific assumptions detailed in the PPM. Should we fail to achieve these assumptions, the projections and anticipated returns will change accordingly. No assurance can be given that the estimates or assumptions will prove to be accurate. Potential investors should clearly review the assumptions and the more detailed information set forth in the PPM.

Property Highlights	
<b>DOMINANT RETAIL LOCATION:</b>	Gateway Station, which includes the Property, is the dominant retail destination in South Fort Worth/Burleson. With tenants such as Old Navy, Ulta, Kohl's, Linen n Things, Borders, Staples, Ross Dress For Less and PetsMart, the center should remain the focal point of the market well into the future. Furthermore, surrounding retail uses such as Lowes, Wal-Mart, Academy Sports, Best Buy, Circuit City, Conn's, JC Penney, and Albertsons help to add to the already significant level of consumer traffic in and around the Property.
<b>STRONG DEMOGRAPHICS :</b>	More than 67,000 residents live within a five-mile-radius of the property. Current projections suggest the population will increase by more than 10% to 74,000 within four years, which makes the South Fort Worth/Burleson area one of the fastest-growing communities in the Metroplex. At more than \$62,000, the area's median household income exceeds both the state and national figures.
<b>EXCELLENT VISIBILITY AND ACCESS:</b>	The Property is strategically situated at the southwest intersection of I-35W and McAlister Road. Interstate highway I-35W is the primary traffic carrier serving Fort Worth/Burleson, and approximately 104,000 potential shoppers drive by the Property each day on that route. I-35W provides a direct link from Canada to Mexico through the central portion of the United States.
<b>STABILIZED TENANT ROSTER:</b>	Strong nationally recognized tenants occupy more than 87% of the Property's total gross leasable area (GLA) and generate 91% of the base rent. The Property includes such category-leading national retailers as Ulta, Old Navy, Aeropostale, Bombay Company, Catherine's, Hibbett Sports, Lane Bryant, Motherhood Maternity, PacSun, Panda Express, rue 21 and Zales Outlet. The strength of the Property and the location is evidenced by these tenants, many of which only locate in high-end "lifestyle" centers or malls in high-demographic locations.

