

1600 Barberry Lane, LLC

AVAILABLE FOR §1031 EXCHANGE & LLC INVESTMENT



Information about the property contained in this material must be read in conjunction with the Confidential Private Placement Memorandum, which contains additional important risk disclosures and more specific information about the property. This is neither an offer to sell nor a solicitation of an offer to buy an LLC interest in this property. Offers are made solely pursuant to the Confidential Private Placement Memorandum. Prospective investors should consult their own tax advisors to evaluate the tax consequences of an investment. The information in this material is current as of July 21, 2008.

THIS INVESTMENT IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK.

About 1600 BARBERRY LANE, LLC



Property Summary

1600 Barberry Lane is a 312-unit garden-style apartment community in the Atlanta suburb of Peachtree City, Georgia. Situated on nearly 26 acres, the approximately 306,000-square-foot property consists of 15 residential buildings and a separate building that houses the clubhouse and leasing center. Built in 1998, 1600 Barberry Lane features numerous community amenities, including a resort-style swimming pool with sundeck, lighted tennis court, picnic areas, fitness center, storage units, executive business center, conference room, eight detached garages for golf carts, a maintenance shop, and direct access to a 90 mile walking and golf cart trail. The property offers spacious floor plans and an average unit size of approximately 980 square feet. Individual amenities include sunrooms or spacious patios/balconies, garden tubs, crown molding, and nine-foot ceilings. Select units feature full-size washers and dryers, linen closets, wood burning fireplaces, and recessed art niches. 1600 Barberry Lane offers tenants ample parking with 583 parking spaces and is currently 95 percent occupied.

Address	1600 Barberry Lane Peachtree City, GA 30269
Building Type	Multifamily
Year Built	1998
Total Square Foot	305,756
Percentage Occupied	95%

Unit Amenities **Select Units*

- 9-foot or tray ceilings
- Vaulted ceilings on top floors
- Full size washers and dryers*
- Mirrored accent kitchens
- Garden tubs with ceramic tile surrounds
- Linen closets*
- Crown molding
- Wood burning fireplaces*
- Sunrooms or spacious patios/balconies
- Recessed art niches*
- Direct access garages*

Community Amenities

- Resident meeting rooms
- Executive business center and conference room
- Lighted tennis court
- Outdoor barbeque grills/picnic area
- Exterior storage units
- State-of-the-art fitness facility with flex aerobic room and pool views
- Attractive landscaping and golf cart storage
- Car wash area
- Open clubroom with resident internet access
- Resort-style swimming pool/sundeck
- Direct access to 90+ mile walking and golf cart trail

Unit Type	Unit Size in SQ. FT.	Number of Units	Average Market Rent Per Unit
1 BD / 1 BA	696	116	\$763
1 BD / 1 BA	843	24	\$889
1 BD / 1 BA w/Garage	843	12	\$1,014
1 BD / 1 BA /Sunroom	952	20	\$946
2 BD / 2 BA	1,140	30	\$1,139
2 BD / 2 BA w/Garage	1,140	32	\$1,255
2 BD / 2 BA /Sunroom	1,259	16	\$1,214
2 BD / 2 BA /Sunroom w/Garage	1,259	8	\$1,377
3 BD / 2 BA	1,384	42	\$1,315
3 BD / 2 BA w/Garage	1,384	12	\$1,482
Total/Average	980	312	\$1,022

■ Location Information¹

Founded in 1837, Atlanta is the capital and most populous city in the state of Georgia. In the last decade, Atlanta has experienced unprecedented growth – the official city population remains steady at about 420,000, but the metropolitan population has skyrocketed nearly 40 percent to 5,138,223. With the addition of 890,000 residents since April 1, 2000, the Greater Atlanta area boasts the largest numerical gain of any metropolitan area in the United States during that time. A good measure of growth is the ever-changing downtown skyline, along with skyscrapers constructed in the Midtown, Buckhead, and outer perimeter (fringing I-285) business districts. Atlanta ranks fifth in the number of Fortune 500 companies headquartered in its metropolitan area.

1. <http://money.cnn.com/magazines/fortune/fortune500/2008/cities/>

2. Reis, MetroTrend Futures, Atlanta Apartment Market, 4Q 2007

3. U.S. Department of Labor, Bureau of Statistics.

www.economy.com.

Article XIV. Multifamily - Rezoning Moratorium, Code of Ordinances, City of Peachtree City, Georgia. Codified through Ord. No. 937, enacted Feb 21, 2008. (Supplement No. 22)

■ Apartment Market²

- According to Reis, the 2007 year end vacancy was 8.0 percent, down from 8.3 percent one year earlier. Although there were 4,565 completions, increasing the inventory by 1.2 percent, there were 5,019 net absorptions and asking rents increased by 2.8 percent across the market.
- The property is located in the South Fulton submarket, which led Atlanta in rent growth in 2007 with a 4.6 percent increase. This market is said to have 29,550 units and minimal new inventory coming online in the next five years, an average of approximately 356 units per year until 2012. The rental growth is projected to continue at an average rate of 2.9 percent for the next five years.

■ Economic Trends³

- The Atlanta Metropolitan Statistical Area (MSA) is the 10th largest in the country with a population of 5.6 million, recently moving up from the 12th spot.
- According to Moody's Economy.com, Atlanta's population increased at a rate of 2.8 percent annually for the five-year period concluding with 2007, equaling an average of 134,900 residents per year.
- Located 25 miles south of Atlanta, Peachtree City boasts some of Georgia's top-ranked public schools and the highest relocation rate of any city in Georgia. Meanwhile, the city has strict controls on new construction. The last apartment community built in Peachtree city was in 2002, and no new developments are currently planned or under construction.

See the Confidential Private Placement Memorandum for more information about this specific market. Opinions and estimates contained herein constitute the judgment of the source or the sponsor and are subject to change without notice, as are statements of market trends, which are based on current market conditions. We believe the information provided herein is reliable, but do not warrant its accuracy or completeness.



Business Plan

- Preserve the capital investment.
- Realize income through the acquisition, operation and sale of the property.
- Make monthly distributions, which may be partially tax-deferred as a result of depreciation and amortization expenses.
- Within approximately seven years, profitably sell the property based on the value added through effective management and operation of the property.
- There is no guarantee that the business plan will be successfully executed, that the property's value will be enhanced, or that the property will be sold within the planned time period.

Points to Consider

- There can be no assurances that the property manager will be able to renew expiring leases or lease vacant spaces in the property.
- Competition from apartment communities in the surrounding geographic area could impact rental rates and the ultimate value of the property.
- There is no guarantee that the property will generate cash flow.
- Projected performance of the property is based on market rental growth rates projected by the manager that may not necessarily constitute an accurate measure of the future rental rate growth in the South Fulton apartment submarket.
- Although the manager has contracted to purchase the property, no assurances can be given that the company will acquire the property.

Property Highlights

- As of June 25, 2008, the property was approximately 95 percent occupied and the manager believes that occupancy rates will remain high during the holding period.
- The property was completed in 1998 and is in good condition. This will enable the manager to maximize rental income by performing minor upgrades to the unit interiors.
- The manager believes that as leases renew or turn, higher rents will be achieved due to the upgrades and market conditions, including favorable forecasted rental growth rates in the submarket.
- The property has 64 attached garages.
- The property is favorably located in Atlanta, an area with a population of approximately 5.6 million:
 - Easy access to the Atlanta Hartsfield Airport;
 - Located in Peachtree City, a well developed community and one of Atlanta's most sought after residential areas;
 - A moratorium was placed on high density development in 2002 and as a result, no new apartment construction is predicted for Peachtree City in the near future;
 - According to Reis, the South Fulton submarket led Atlanta in rental growth with 4.6 percent increase in 2007;
 - Average household income within a one mile radius is \$114,097, and per capita income within a one mile radius is \$40,155.



Financial Information

- **Offering Purchase Price:** \$42,860,000
- **Offering Price Per Unit:** \$137,372
- **Purchase Date:** 3rd Quarter 2008
- **Offering LTV:** 55.51%
- **Offering Price Cap Rate:** 6.18%
- **1st Year Cash Flow:** 6.04%
- **Loan Terms:** The loan will have an overall effective fixed interest rate of 6.0 percent, a seven-year term and will be interest only for the first two years of the loan. **The effective interest rate of 6.0 percent reflects a buy down of 15 basis points by paying a fee of 0.811 percent of the loan or \$192,892. The property will be purchased with a cash down payment estimated to be \$13,810,000 and a nonrecourse loan in the amount of approximately \$23,790,000.**

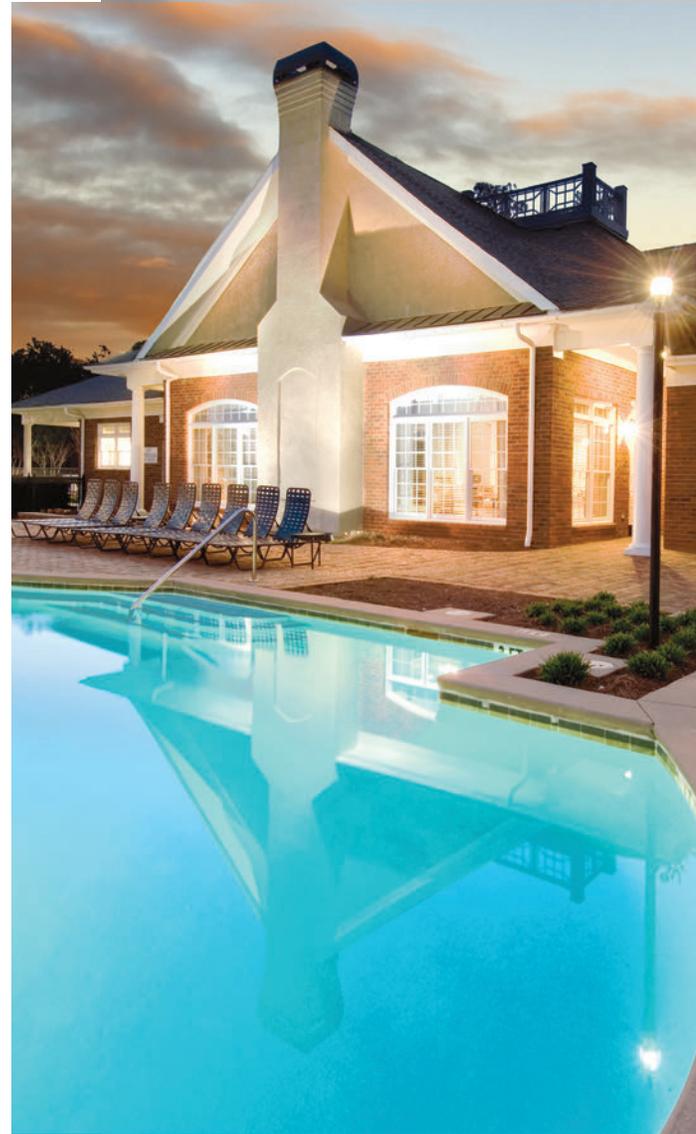
Please see the Confidential Private Placement Memorandum for additional information and risk disclosures about investment in this property. This material has been prepared for informational purposes only; it is not intended to provide and should not be relied upon for accounting, legal or tax advice. Always remember that each property is unique and past performance is no guarantee of future results.

TIC Offering

- **Offering Size:** \$19,070,000
- **Price per 1% Ownership:** \$190,700 equity and \$237,900 assumed debt
- **Minimum Investment per SPE:** 3.00% = \$572,100 equity and \$713,700 assumed debt for a total purchase price of \$1,285,800
- **Suitability:** Accredited investors only

LLC Offering

- **Offering Size:** \$953,500
- **Price Per Unit:** \$5,000
- **Minimum Investment:** \$25,000
- **Suitability:** Accredited investors only



TIC Projected Annual Cash-on-Cash Yield

\$572,100 Investment Per SPE

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
6.04%	6.13%	6.15%	6.25%	6.71%	7.34%	7.83%

LLC Projected Annual Cash-on-Cash Yield

\$25,000 Investment

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
6.04%	6.13%	6.15%	6.25%	6.71%	7.34%	7.83%

Projected Annualized Returns

Terminal Cap Rate	TIC Return	LLC Return
6.50%	12.82%	12.02%
6.75%	11.45%	10.85%
7.00%	10.17%	9.77%
7.25%	8.98%	8.76%
7.50%	7.88%	7.82%

Terminal Cap Rate Sensitivity

These cash flow projections were created by the sponsor and are based on a number of assumptions and real estate analysis techniques. The results are necessarily hypothetical; the underlying assumptions may not be accurate, the results shown may not occur, and your performance could vary significantly. This material must be read in conjunction with the Confidential Private Placement Memorandum, which contains additional important risk disclosures and more specific information about the assumptions made.

- Interests in this property are speculative and involve a high degree of risk; investors should be able to bear the complete loss of their investment.
- SOME INTERESTS ARE SUBJECT TO RECOURSE LIABILITY, i.e., tenants-in-common will be responsible for providing any cash needed in the future in connection with the property.
- There are restrictions in transferring interests; the interests are not liquid investments.
- There are a number of significant tax risks and tax issues involved with the purchase of an interest in this property; investors should consult their own tax advisors and legal counsel.
- The direct or indirect purchase of real property involves significant risks, including market risk and risks specific to a given property.
- The purchase of real property with other investors, e.g., as a tenant-in-common, presents risks related to the relationship with those other investors.
- Investment in this property is expected to be leveraged; leverage may increase volatility and may increase the risk of investment loss.
- The manager has broad authority and discretion over the property and the terms of financing; the various fees paid to the manager and its affiliates are significant and may offset profits related to the ownership and operation of the real estate.
- Cash distributed to you may constitute a return of your own capital and may be paid from proceeds of the offering, e.g., reserves.

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*Prior performance is not an indication of future results. The projections and the anticipated rate of return are only for TIC/1031 investors and LLC investors and are estimates based on the specific assumptions more fully described in the Private Placement Memorandum (PPM) and any supplements accompanying the PPM. There is no guarantee that the assumptions used in the projection will be achieved. Please review the entire PPM as supplemented prior to investing. This material does not constitute an offer and is authorized for use only when accompanied or preceded by a 1600 Barberrry Lane, LLC PPM dated July 21, 2008. Reference is made to the PPM for a statement of risks and terms of the offering. The information set forth herein is qualified in its entirety by the PPM. All potential investors must read the PPM and no person may invest without acknowledging receipt and complete review of the PPM.

■ Grubb & Ellis Realty Investors, LLC

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